

# OVERSIGHT OF THE DIGITAL TELEVISION TRANSITION

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## HEARING BEFORE THE SUBCOMMITTEE ON COMMUNICATIONS, TECHNOLOGY, AND THE INTERNET OF THE COMMITTEE ON ENERGY AND COMMERCE HOUSE OF REPRESENTATIVES ONE HUNDRED ELEVENTH CONGRESS

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JOHN D. DINGELL, Michigan (ex officio)	



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THURSDAY, MARCH 26, 2009

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON COMMUNICATIONS, TECHNOLOGY,  
AND THE INTERNET,  
COMMITTEE ON ENERGY AND COMMERCE,  
*Washington, DC.*

The subcommittee met, pursuant to call, at 10:05 a.m., in Room 2322 of the Rayburn House Office Building, Hon. Rick Boucher (chairman) presiding.

Members present: Representatives Boucher, Markey, Weiner, Castor, Space, McNerney, Dingell, Stearns, Upton, Shimkus, Blunt, Radanovich, Terry, Blackburn, and Barton (ex officio).

Also present: Representatives Pierluisi and Inslee.

Staff present: Roger Sherman, Senior Counsel; Tim Powderly, Counsel; Shawn Chang, Counsel; Amy Levine, Telecom Counsel, Mr. Boucher; Pat Delgado, Policy Coordinator, Mr. Waxman; Philip Murphy, Legislative Clerk; Greg Guice, FCC Detailee; Neil Fried, Senior Minority Counsel; Amy Bender, FCC Detailee; Will Carty, Minority Professional Staff; and Garrett Golding, Minority Legislative Analyst.

### OPENING STATEMENT OF HON. RICK BOUCHER, A REPRESENTATIVE IN CONGRESS FROM THE COMMONWEALTH OF VIRGINIA

Mr. BOUCHER. The subcommittee will come to order. This morning we examine the status of the digital television transition since the passage of legislation postponing the final date for analog signal termination from February 17 until June 12. Much has occurred since that measure became law. Under the thoughtful leadership of acting assistant secretary for communications and information, Anna Gomez, the waiting list for coupons, a major factor in our decision to postpone the transition, has been cleared, and that truly is a major accomplishment.

Coupons are now being sent to applicants by first class mail so households will receive them more quickly. NTIA has changed its guidelines and now allows households whose previously-issued coupons had expired to reapply for coupons, and many households are now doing so.

The FCC has bolstered its call centers, which at the time we postponed the transition were due to inadequate resources in total disarray. And the results of this progress are clear. When we postponed the transition according to the Neilson Service, 6.5 million

homes were totally unprepared for the transition and would have lost all television service had the transition taken place as originally scheduled on February the 17th. That 6.5 million homes represented fully 5.7 percent of all television-viewing households across the United States.

Today 4.1 million households remain unprepared; a number that is 3.6 percent of the television-viewing public. That is a major improvement, but much remains to be done to enable the preparation of those homes that remain unprepared as of the present time.

Congratulations are due to Ms. Gomez and to acting FCC Chairman Michael Copps for this stewardship of the transition at a truly difficult and challenging time. And I can say this morning that I truly appreciate the work of both of these outstanding public servants.

But challenges do lie ahead, and today's hearing has as its purpose achieving a full understanding of those challenges and the best means by which we collectively can address them. And these questions, I think, need answers.

Will we have enough converter boxes to meet the demand prior to June the 12th? I personally have some serious concerns about whether a sufficient number of converter boxes will be available in order to meet the demand under our current forecast.

Could there be a spike in demand in the weeks prior to June the 12th, similar to what was experienced during December of last year and the early weeks of January this year, and if it is reasonable to anticipate a spike in demand, are we prepared for it? Will NTIA have the mechanisms in place in order to meet that kind of elevated demand?

And what steps are being taken to make technical assistance available to homes in low income and rural areas of the Nation where technical help typically is not readily available?

Today's hearing will examine these and other future needs as we prepare for the June 12 transition date. I want to thank our witnesses for their participation this morning and welcome each of them.

Mr. BOUCHER. And at this time I am pleased to recognize the ranking member of the subcommittee, the gentleman from Florida, Mr. Stearns, for 5 minutes.

**OPENING STATEMENT OF HON. CLIFF STEARNS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA**

Mr. STEARNS. Good morning, and thank you, Mr. Chairman. This is a case where the glass is half empty or half full, and in this case the glass is 95 percent full, and we perhaps have a different view of this.

We opposed delaying the transition to June 12 from February 17. We thought it was unnecessary since 95 percent of the television homes were ready for the transition on February 1 with 2 weeks still to go. And of the roughly six million households that were still unprepared, just under three million were holding coupons that simply could have been used on February 17.

To help the remaining three million homes that were still unprepared and didn't have coupons, Mr. Barton and I, the ranking member and I, advocated authorizing an additional \$215 million in



early January. The NTIA said that they would have allowed it to clear their waiting list in time to continue with the transition. We even would have gotten most of the money back at the end of the unused coupons.

We certainly had enough time to do so in light of the fact that the delay act was passed only 5 business days after its January 29 introduction. It appears we were right that there was no need to delay. Despite significant arm twisting, one-third of the Nation's 1,800 full power station simply transitioned by February 17 anyway. The sky did not fall.

The fear that consumers would overwhelm the system with frantic telephone calls was simply unfounded. The FCC received less than 20,000 calls a day from February 13 to the 19th, well within its capacity, and many of the calls were just about how to set up the converter box, which are often just simply resolved over the phone. All total, half the Nation's full power stations covering 193 of the country's 210 television stations will transition before the June 12 date.

But Congress did not delay. We decided to spend \$650 million for the transition, which simply put is a waste of money and hurting the credibility of the Federal Government. That money did not become available until June 2, excuse me, March 2, yet between February 1 and March 1, even before a single coupon was issued with the additional funds, 1.4 million more households simply became ready, with the number of prepared households climbing to 96 percent. Of the 4.4 million households that still needed to take action to continue receiving television service, approximately two million were holding at least one active coupon.

This means we allocated about \$270 for each of the 2.4 million unprepared homes without a coupon, even though a converter box simply costs under \$50. The fact that the money was not available until March 2 is also why it took until just this week to clear the waiting list, which continued to grow all this time.

Now, that is the unfortunate history. Now we must try to limit the harm. We could do so by dedicating \$350 million of the funds for exclusively over-the-air homes which would pay for two redeemed coupons for each of the 3.6 percent of homes as of March 15 that are exclusively over the air and still unprepared. Since we were concerned over such homes that supposedly justified this delay, that is where we should focus our attention. Otherwise all this headache and all this expense will have been for nothing.

If we do focus on over-the-air homes rather than paid television homes that are not in jeopardy of losing service, we may get back more than half a billion dollars from both the initial and the stimulus money once the transition is completed. That is because the initial funding covering 33½ million redeemed coupons, only 26 million have been redeemed as of March 18. By contrast, if we continue to spend as much or more money on pay television homes as over-the-air homes, the Administration may find it has not made a significant dent in the four million remaining unprepared homes. Let us not forget that there are more than six times as many pay television homes than over-the-air homes.

In closing, Mr. Chairman, from February 15 to March 15 we went from 4.4 percent of all households unprepared to 3.6 percent.

That is an improvement of only .8 percentage points. Let us make sure that that is not all we get for the \$650 million. Our consumer confusion, our headaches. Please work with us to ensure that the NTIA and the FCC spends money on over-the-air homes and saves the rest for something more important. We may not agree on what that important thing is, but I am sure we can find something better to spend the money on these days than converter boxes for the vast majority of homes that are already prepared for the transition.

Thank you, Mr. Chairman.

Mr. BOUCHER. Thank you very much, Mr. Stearns.

The gentleman from Massachusetts, Mr. Markey, former chairman of this subcommittee, is recognized for 2 minutes.

**OPENING STATEMENT OF HON. EDWARD J. MARKEY, A REPRESENTATIVE IN CONGRESS FROM THE COMMONWEALTH OF MASSACHUSETTS**

Mr. MARKEY. Thank you, Mr. Chairman, very much, and I want to commend you for holding this hearing on the digital television transition and for assembling an excellent panel of witnesses to testify this morning.

As you know, Mr. Chairman, this subcommittee conducted six oversight hearings in the last Congress and received three GAO reports at my request on the digital TV transition. We tried very hard to keep people's feet to the fire and to try to make the original date work.

Now that Congress has moved the date back to June 12, it is important that we wisely use the additional time and the additional resources to maximize consumer education and outreach and to ensure that the least amount of disruption is caused to consumers during this transition.

I want to commend acting FCC Chairman Copps for the alacrity with which he has taken on the task of being our Nation's quarterback on the transition. I also want to salute his emphasis on the coordination he has effectuated with his FCC colleagues; with the NTIA as well as with consumer groups and with the television industry. I think his testimony is an eye-opening dissection of what went wrong but also a pathway to ensure that all will go right on June 12.

I also wanted to commend Acting Assistant Secretary Gomez of the NTIA for the diligent work she has performed, along with IBM to eradicate the backlog of four million coupons that were on the waiting list. Obviously much still needs to be done to ensure success, and I believe the testimony from the FCC and NTIA today provide a sound blueprint for moving forward. While we have many broadcasters already ceasing analog transmissions in many smaller markets, we still have the largest stations in the largest markets looming for our flash cutoff on June 12. It is important to execute this well. I look forward to working with you, Mr. Chairman, and with Chairman Waxman, Ranking Members Barton and Stearns to ensure that we meet this date and that the American public feels that the government did its job.

Thank you, Mr. Chairman.

Mr. BOUCHER. Thank you very much, Mr. Markey.

The gentleman from Michigan, Mr. Upton, is recognized for 2 minutes.

Mr. UPTON. I am going to defer.

Mr. BOUCHER. The gentleman from Michigan defers his opening statement and will have 2 minutes added to his questioning time for the first panel of witnesses.

The gentleman from Illinois, Mr. Shimkus, is recognized for 2 minutes.

Mr. SHIMKUS. Thank you, Mr. Chairman.

For over 50 years we have had April 15 as the tax filing day, and it is coming upon us, and again this year we will have millions of people who will not file on time. And that will be true come June 12. And that was true in February, and as much government money and advertisement as we want to throw at it will not change that fact.

Let us see. We have, by this Congress and this Administration a carbon tax that will destroy the economy, we have a plan for a one-payer healthcare system that will ration healthcare for all, we have a reckless spending agenda that will bankrupt this country, but what we could do in this debate, in this hearing, Mr. Chairman, is find out how we can save \$600 million.

Now, I know in this Congress that is not a lot of money but for most Americans it is, and that is what I hope we address in this hearing and these questions.

I yield back my time.

Mr. BOUCHER. Thank you very much, Mr. Shimkus, for your normal moderate statement. He and I are friends. He knows I can say that and get away with it.

The gentleman from Ohio, Mr. Space, is recognized for 2 minutes.

**OPENING STATEMENT OF HON. ZACHARY T. SPACE, A  
REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO**

Mr. SPACE. Thank you, Mr. Chairman. I appreciate the opportunity to come together today to discuss progress made towards this Nation's full conversion to digital television. It is very clear to me that this process has not been an easy one. Rather our shift from analog to digital has involved a significant amount of time, energy, resources, and creativity. And further such efforts are ongoing, necessarily providing support for months to come.

Whether one favored the delay or not, I think most will agree that because of the phased approach we find ourselves in now we have learned some very good lessons that continue to enable us to adjust and improve consumer outreach and education. The NTIA, the FCC, our broadcasters, cable providers, retailers, suppliers, service groups, public entities, local officials have all truly joined forces in an effort to shepherd the transition through to completion.

In Ohio's 18th district WOSU, the PBS station out of Columbus, Ohio, has done some very good work in preparing our communities. Through an FCC contract WOSU has been able to provide DTV outreach through walk-in centers, a call center, and installation assistance and numerous public events. They partnered with Life Care Alliance and the Central Ohio Area Agency on Aging to reach thousands of the estimated 100,000 over-the-air households in

Ohio, many of which are senior citizens. WOSU's DTV coupon donation program received national recognition from PBS and served as a model for other communities across the country.

I understand that there is much more to be done, but I believe WOSU's case serves as an example of how members in the community can work together to ensure that all citizens have the information they need to prepare for the last phases of the digital transition.

I look forward to hearing from our witnesses and thank you, again, Mr. Chairman, for calling attention to this issue.

Mr. BOUCHER. Thank you very much, Mr. Space.

The gentleman from Nebraska, Mr. Terry, is recognized for 2 minutes.

**OPENING STATEMENT OF HON. LEE TERRY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEBRASKA**

Mr. TERRY. Thank you, Mr. Chairman, for holding today's hearing, and I appreciate our witnesses being here to help us through.

In informance of the current status and as probably many on this committee know I was vocally opposed to the delay, knowing that there is always going to be a certain percentage of people that are never ready, and we can't just delay something because people didn't get ready or we didn't get to 100 percent.

Now, one TV station in my market still held with the February date, and that is WWT. It is interesting on the transition date how few calls they received. Many of us were prepared for an onslaught of thousands, and it turned out to be a few hundred. They had phone banks ready, United Way, 211, and we just didn't see the level of activity. And most of the complaints that were coming in they needed help with the scan.

Thirty-three inquiries on that date were about how to get a coupon, that they did not have a coupon. Now, out of a DMA of 412,000 people and 33 of the inquiries were how do I get a coupon now since we just lost channel six is a very tiny percentage, and that is eight one-thousandths of 1 percent.

So I appreciate the boldness of WWT channel six for going forward because I am now convinced on June 12 the calls will probably be the dozens and not the hundreds, and there is probably very few out there that are left that aren't prepared.

So I wanted to thank them publicly and in fact, Mr. Prather is from Bray TV, the owner of the TV station this year on the next panel, and I welcome you.

I yield back.

Mr. BOUCHER. Thank you very much, Mr. Terry.

The gentleman from California, Mr. McNerney, is recognized for 2 minutes.

Mr. MCNERNEY. Mr. Chairman, I am going to waive my opening statement.

Mr. BOUCHER. Thank you very much, Mr. McNerney. I see that the gentleman from Michigan, Mr. Dingell, Chairman Emeritus of our committee has joined us, and the gentleman is recognized for 5 minutes.

**OPENING STATEMENT OF HON. JOHN D. DINGELL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN**

Mr. DINGELL. Mr. Chairman, you are most kind and courteous, and I thank you. I commend you for the initiative that you are showing and making certain that the DTV transition is subject to adequate oversight and is properly conducted.

As we are all painfully aware the DTV transition has been fraught with great difficulty since it was mandated in 2005, and particular grave errors by the National Telecommunications and Information Administration, NTIA, and the Federal Communications Commission, the FCC, during the previous Administration in their management of the DTV converter box coupon program and consumer education efforts were in large part to blame for the Congress's passage of legislation to postpone the DTV transition date.

As I support no further postponement of this deadline, I look forward to cooperating with you, Mr. Chairman, in robust oversight of the programs associated with DTV. And I would urge you to continue your vigorous efforts in this matter because I have great fears that the transition will not be successful unless it is watched very closely. And to see to it that it works in a way which is going to create minimal inconvenience to the Nation's consumers.

During numerous hearings in the 110th Congress I asked representatives of NTIA whether they had sufficient funding for the converter box program. Despite a report in 2008, by the Government Accountability Office that NTIA would be unprepared to cope with a surge in consumer demand for converter coupons, NTIA consistently stated that it had adequate funding with which to meet consumer demand for these coupons and to see to it that and assured us that the coupons were both sufficient in number and being properly handled.

This as we recently have learned was patently false, and I think we have to get NTIA's commitment today that it will be forthright and cooperative with the Congress in making certain that the converter box program is properly administered with a view towards providing coupons to every consumer who applies for them and to assure that the conduct of the program is done well, expeditiously, and that we don't have to contemplate the extension again of a program that has already gone on over long.

Similarly, I look forward to a frank discussion with the FCC about the role that it plays in consumer education and outreach about the DTV transition. Prior attempts at these vital activities were disastrously mismatched and proven to be largely ineffectual, something that we must strive to avoid at all costs in moving forward.

Also, because of the DTV Delay Act, extending FCC's authority to auction spectrum, we must ask frank questions about the agency plan for preventing waste, fraud, and abuse in these auctions, which have to my experience rarely been well conducted.

I hope to have a productive conversation with our other witnesses about several additional issues related to this matter, including ongoing concerns of many people about DTV's transition effect on low income persons, minorities, and elderly populations, and

the financial capacity of public television broadcasters to cope with the transition and the adequacy and availability of the supply of computer boxes to meet the consumer demand.

Again, Mr. Chairman, I want to thank you for your enlightened interest in seeing to it that the Nation's transition to digital television is properly conducted and does not cause vast inconvenience to the people we serve.

I yield back the balance of my time.

Mr. BOUCHER. Thank you very much, Chairman Dingell, for those remarks.

The gentlelady from Tennessee, Ms. Blackburn, is recognized for 2 minutes.

**OPENING STATEMENT OF HON. MARSHA BLACKBURN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TENNESSEE**

Ms. BLACKBURN. Thank you, Mr. Chairman. Welcome to Mr. Copps, and I want to welcome Ms. Gomez. I think this is your first appearance with us, so we welcome you. And thank you for the hearing, sir. I appreciate that.

Fortunately for consumers and members of the subcommittee, the world didn't come to an end on February 17 when stations began transitioning to an all digital signal. In the seventh district alone in Tennessee, my Congressional district, eight full power broadcast stations have already made a full digital transition in advance of the June deadline, and three more are slated to make that move by May 1.

This parallels the national trends, where roughly one-third of full power broadcast affiliates have already made the switch. Federal and private sectors officials report minimal customer disturbance. That is a good thing.

In short, this is working. This is no doubt a product of a vigorous public, private partnership invested in an unprecedented public education campaign, funded in large part by our Nation's broadcasters and cable television providers. In the intervening period between passage of the DTV Delay Act and the committee's proceedings today, the NTIA is now current in distributing converter box coupons, the much ballyhooed two million customer waiting list is cleared, and NTIA claims to be processing new requests in less than 2 weeks per requesting consumer. This is certainly positive, and I congratulate the agency for its diligent work.

The question we must ask while Congress considers a budget resolution that will increase federal spending to 28.5 percent of our Nation's GDP is, at what cost? The DTV Delay Act and companion funding from H.R. 1 unleashed the federal flood gates to the tune of \$650 million to aid a transition that was already running smoothly. And I realize that in DC that is not a lot of money, but where I come from it is, and I believe that money must be recouped, if possible, on behalf of the American taxpayer when the DTV transition is complete.

As I stated during consideration of the DTV Delay Act Congress's priority must be to ensure connectivity for exclusively over-the-air homes, remaining from the overall group of 4.1 million unprepared households.

Thank you, Mr. Chairman. I appreciate the time, and I yield back.

Mr. BOUCHER. Thank you very much, Ms. Blackburn.

The gentlelady from Florida, Ms. Castor, is recognized for 2 minutes.

**OPENING STATEMENT OF HON. KATHY CASTOR, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA**

Ms. CASTOR. Thank you, Mr. Chairman, and welcome to our witnesses.

At the outset of the Obama Administration they learned that the switch to DTV had been badly mismanaged. Millions of Americans who had applied for converter coupons languished on waiting lists while the February deadline approached. Consumer education programs have been successful, but over six million households were completely unprepared. The affected households tended to be disadvantaged with the elderly and non-English speakers particularly hard hit.

Worse, progress in setting up call centers to deal with the inevitable confusion of transition day was almost non-existent. In short, millions of televisions were on a trajectory to go dark on February 17 without adequate resources to help them navigate the transition.

Congress was forced into a difficult decision to delay the transition until June. Since then everyone has made significant progress in reaching households and helping them prepare. Since the passage of the DTV delay 2.4 million digital converter coupons have been redeemed. Replacement coupons have been sent, households that inadvertently allowed their coupons to—households that had been aware their coupons had expired, even better, first class mail rather than the bulk rate was employed to avoid further delays. Call centers are going up, and the number of bilingual operators has increased so that all Americans are able to get help with the transition if they need it.

I encourage everyone to continue to work diligently to ensure that the DTV transition in June goes smoothly and that the most vulnerable Americans are not left behind. I am confident that we can do this, and I look forward to your testimony.

Mr. BOUCHER. Thank you, Ms. Castor.

The gentleman from New York, Mr. Weiner, is recognized for 2 minutes.

**OPENING STATEMENT OF HON. ANTHONY D. WEINER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK**

Mr. WEINER. Thank you, Mr. Chairman, and thank you for holding this hearing. If anyone doubts the power of Congressional oversight, I would note that in preparation for today's hearing on Tuesday alone 91,000 people requested coupons, and last week I guess in anticipation of your tough questions 1.6 million, if I am reading this right, coupons were issued, more than just about any other month in recent months.

I acknowledge what our colleague from Illinois points out that there are a lot of people who were left out in the cold, and maybe

the solution was to just turn off their television coverage, which would have been the result of the transition when it was originally scheduled. As with so many things this Congress is endeavoring to do, we are mopping up for the last Administration. We are going to be doing that a lot. We are going to be taking mistakes that were made and trying to fix them.

But I don't know who we would have punished by saying, OK, tough tacos, you are going to lose your service. And I think Congress was not prepared to do that. There were a lot of mistakes that were made, but I hope we also use this opportunity to take advantage of the glitch. Mr. Copps points out in his testimony something that others have observed that having this as a staged transition might have been the better way to go originally, you know, doing it—what other nations have done to give an opportunity to learn stage by stage. Maybe we can take this window of time that has been presented by some transition and going on to learn some of the lessons.

I think there was a pretty, there was some wisdom in arguing to do that at the outset, and maybe if we use this opportunity, we do what our friend Robin Manuel refers to not letting any crisis go to waste, maybe this is also an opportunity for us to learn, and I appreciate the chairman holding this hearing to permit us to do that.

Mr. BOUCHER. Thank you very much, Mr. Weiner.

The gentleman from Washington State, Mr. Inslee, who has since departed.

The gentleman from Puerto Rico, Mr. Pierluisi, not a member of the Commerce Committee, has been welcomed to our hearing today, and I am pleased to now recognize him for 2 minutes.

Mr. PIERLUISI. Chairman Boucher, Ranking Member Stearns, members of the subcommittee, thank you for providing me with the opportunity to speak today.

I asked to participate in this hearing because I think it is appropriate for the record to reflect that the DTV transition has been especially problematic for the many of the four million U.S. citizens I represent. Now that the transition date has been extended until June, it is my hope that the deficiencies in planning that gave rise to these problems can be addressed. I know that today's oversight hearing reflects your determination, Mr. Chairman, to make certain that recent history does not repeat itself.

I want to emphasize at the outset that the problems experienced in Puerto Rico to date did not result from lack of awareness on the island about the transition. Community and media organizations serving Puerto Rico, working in conjunction with the Commerce Department, did a terrific job of informing consumers about the steps that they needed to take in order to avoid a loss of service. I think this stands in contrast to certain jurisdictions in the states, where outreach efforts were less successful.

In a somewhat ironic twist, however, residents of Puerto Rico encountered problems precisely because they heeded this guidance too well. Upon being advised of the impending transition, my constituents did not hesitate. They applied for coupons quickly and in droves. The sheer number of coupon requests made from households in Puerto Rico should not have come as a surprise. It is com-



mon knowledge that Puerto Rico relative to the states has a large percentage of residents that rely on analog TVs.

Although Puerto Rico ranks about 25th in total population size among U.S. jurisdictions, island residents have sought more coupons than all but seven states. As of March 17, about 2.1 million coupons had been requested by the island. This is about 80 percent of the amount requested by New York, a State with five times our population. And it is roughly three times the amount requested by Kentucky or Oregon, which have comparable population sizes.

For some island residents who requested these coupons, the system worked as designed. They received the coupon, went to a participating island retailer, and used the coupon to offset the cost of the converter box. But for far too many of my constituents the process did not proceed as planned. As in the states some households in Puerto Rico requested coupons but were placed on a waiting list because demand exceeded supply.

Other households obtained a coupon but found their local retailers no longer had boxes in stock, and therefore, had to wait. While they waited their 90-day coupon expired. Based on intuition and some anecdotal evidence, I think this scenario may have been more common in Puerto Rico than in any other jurisdictions.

In August, 2008, letter sent in response to Puerto Rico's request that coupons be reissued to individuals whose coupons had expired, the Secretary of Commerce—

Mr. BOUCHER. Let me ask the gentleman if he could wrap up. He is well—a minute beyond his time at this point.

Mr. PIERLUISI. OK. I will wrap it up.

Mr. BOUCHER. Thank you.

Mr. PIERLUISI. Noted that the law did not prohibit an individual whose coupon had expired from obtaining for free an unexpired coupon from a generous friend or family member. Frankly, that was a way to go, but it didn't help.

My purpose today is not to cast blame, because that is not constructive and because there is probably enough to go around. I want to look forward, not back, and to make sure that we do what is necessary before June to make this transition as seemly, seamless as possible.

Mr. BOUCHER. Thank you very much, Mr. Pierluisi.

Mr. PIERLUISI. Thank you, Mr. Chairman.

Mr. BOUCHER. The gentleman from Washington State, Mr. Inslee, is recognized for 2 minutes.

Mr. INSLEE. I will waive, Mr. Chair.

Mr. BOUCHER. Thank you very much, Mr. Inslee.

We now turn to our first panel of witnesses, and I am pleased—I am sorry. Were you—I am sorry, Mr. Blunt.

Mr. BLUNT. Mr. Chairman, I don't want to slow up the panel, and I will just—

Mr. BOUCHER. I didn't see you arrive. Mr. Blunt, you are recognized for 2 minutes.

Mr. BLUNT. Thank you, Mr. Chairman. I will submit a statement for the record. I am pleased you are having this hearing. Certainly in my Congressional district I think all of our transition will be done by the middle of April. One of our stations already made their transition by themselves on February the 17th. I think they were

convinced that their analog equipment might not last much longer than that, and I am going to be interested to see how this scatter-shot transition that we are now in occurs around the country, but I am anxious to hear the witnesses. I am glad you had the hearing, and I will submit a statement for the record.

Mr. BOUCHER. Thank you very much, Mr. Blunt.

We now welcome our first panel of witnesses, and we are honored to have with us this morning the acting chairman of the Federal Communications Commission, Mr. Michael Copps, a long-standing member of the commission, and also the acting assistant secretary for communications and information at the Department of Commerce, Ms. Anna Gomez. And without objection your prepared written statements will be made part of the record. We would welcome your oral summaries. Please keep those to approximately 5 minutes so that we have ample time for questions.

And Mr. Copps, we will be pleased to begin with you.

**STATEMENTS OF MICHAEL J. COPPS, ACTING CHAIRMAN, FEDERAL COMMUNICATIONS COMMISSION; AND ANNA GOMEZ, ACTING ASSISTANT SECRETARY FOR COMMUNICATIONS AND INFORMATION, U.S. DEPARTMENT OF COMMERCE**

**STATEMENT OF MICHAEL COPPS**

Mr. COPPS. Good morning, Chairman Boucher, Ranking Member Stearns—

Mr. BOUCHER. And just a little technical matter for the Chairman of the FCC, could you turn your microphone on, please? Thank you.

Mr. COPPS. Thank you very much. I have a formal statement that I request be included in the record.

Mr. BOUCHER. Without objection.

Mr. COPPS. Thank you for inviting me this morning.

Priority number one for me since my appointment as acting chair 2 months ago has been to shepherd the DTV transition to smoother pastures. We strive each day to carry out the provisions of the Delay Act in such a way as to ease the transition for millions of anxious viewers while at the same time providing legislatively-mandated flexibility and balance for our TV stations.

We had no detailed roadmap for this. What we had and have the commitment to get this job done better than it was getting done. Every day my FCC team and I rely to achieving a successful balanced outcome. Some may think we have erred too much one way. Others may say the other. At the end of the day maybe all I can ask is for what Harry Truman once said should be his epitaph, "We are trying our damndest."

It was clear to me long before I became acting chair and had a chance to look under the hood that the country was not ready for a nationwide transition on February 17, not with the coupon program out of money and a long waiting list. Not with rampant consumer confusion that I saw everywhere I traveled. Not absent provisions for hands-on community assistance, particularly for the most vulnerable of our populations. There was no coordinated plan, no one making sure that the private and public sectors had every opportunity to combine their assets and get this job done, that nei-

ther of us could do alone but that working together we might just have a shot at even at this late date.

Thank you for the Delay Act. It clearly recognized that consumers were not ready for February 17, and it gave them a few extra months to prepare. The Act made it possible to avoid a consumer backlash of high order in February, but we are nowhere near out of the woods. Little more than a third of our full power commercial stations have transitioned, and at this point only 2.5 percent of households are in markets that have completely transitioned to digital.

So I am happy to look back today, but this is a story whose main chapters remain to be written. Now, some may say that we won't be ready on June 12 either, and that there will still be consumers left behind, and it is true. This transition will not be seamless. You can count on some level of confusion, that level being determined by how well we do our job between now and June 12. There is time to make a real difference.

Here is some of what we are doing at the FCC to learn from the past and make that difference. We are focusing day and night on consumer education. We are repackaging our messages and adding vital new components to them. Starting April 1, for example, stations must modify their, notify their viewers about specific areas that may lose signal coverage no matter what consumers do, about the possible need for new antennas, and the need to rescan.

Stations also must publicize the location and operating hours of walk-in centers and telephone contact information for the station and the call center. We are going to do everything we can to put boots on the ground. One lesson we have learned is the urgent need for hands-on assistance, including walk-in help centers and in-home assistance for consumers who need it, and there are lots of them. Seniors, folks with disabilities, citizens for whom English is not the primary tongue. So we are finalizing agreements with AmeriCorps and fire fighters to provide outreach and in-home assistance to consumers across the country, and we will be soliciting bids from other organizations. While we will be serving all markets, we will put special focus working with NTIA on a target list of 49 hot spots that are particularly risky.

And we will deploy a viable call center system to respond to calls for help. We have been working closely with our industry partners to establish a single, nationwide number for consumers to call. Our cable and broadcast industries really stepped up to the plate on this. With a few months to go we can now take it to the next level to provide more in-depth training for agents to handle longer and more technical calls and to improve the tools available to them for handling problems and referring consumers to help centers and other resources.

There is another problem I have briefly to mention. Signal coverage. For all of its bounty, the digital signal propagates differently than analog. Stronger in some places, it is weaker in others. For 2 years I pressed without much success for more studies and analysis of these differences because in some cases viewers are not going to receive these signals even if they have their boxes and their antennas hooked up. We are trying to deal with this, but even with the things we can begin to do like distributed transmission

systems and fill-in translators, solutions are not going to be everywhere in place by June.

I believe consumers have a right to know this, and that is why we are requiring stations to notify viewers of coverage problems, and that is why we launched a new tool on our Web site where consumers can type in their home addresses and find out what stations they should be able to receive and what kind of antennas they might need to receive them.

Before I close I would like to recognize the efforts and sacrifices of our FCC team, as fine a group of public servants that I have encountered in my years in Washington. I thank my two friends and colleagues, Commissioner Jonathan Adelstein and Rob McDowell for their tireless outreach and the leadership they and their staffs provide.

I thank Assistant Secretary Gomez and her talented team at NTIA for bringing a real sense of urgency to our new level of inter-agency cooperation. Huge thanks go to industry, broadcast, cable, satellite, consumer electronics, retailers, and others. We have a real partnership with them now, like I have been pushing for for years. I thank all the consumer civil rights, religious, and public interest groups who worked on behalf of the citizens of this great country, and a final thanks to so many everyday citizens across this land who reach out to help a friend, a relative, or a neighbor. Tip O'Neil once said that all politics is local. Well, the DTV transition is local, too. In fact, it is downright personal, and it will require that personal touch if we are to succeed. Working together we can and we will make a huge difference for consumers.

Thank you again for the opportunity to testify today. I would be happy to hear your comments, suggestions and try to respond to any questions that you may have.

[The prepared statement of Mr. Copps follows:]

**TESTIMONY OF FCC ACTING CHAIRMAN MICHAEL J. COPPS  
U.S. HOUSE COMMITTEE ON ENERGY AND COMMERCE  
SUBCOMMITTEE ON COMMUNICATIONS,  
TECHNOLOGY AND THE INTERNET  
“OVERSIGHT OF THE DIGITAL TELEVISION TRANSITION”**

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**MARCH 26, 2009**

**INTRODUCTION**

Good morning Chairman Boucher, Ranking Member Stearns and Members of the Subcommittee. This is my first opportunity to testify before you since becoming Acting Chair of the FCC, and I am especially pleased to be here to discuss the Commission’s efforts to prepare the American people for the end of full-power analog broadcasting on June 12.

First, I’d like to thank the Congress and the President for extending the DTV transition deadline. It has long been clear to me—and it became even clearer when I became Acting Chair and had a chance to look under the hood—that we were not ready for a nationwide transition on February 17. Most obviously, there was the coupon waiting list. But the problems went far deeper. There was inadequate coordination between the FCC and NTIA (and other potential government stakeholders), and between the public and private sectors that led to a patchwork of often disjointed efforts on everything from consumer education to call centers to converter boxes. There was inadequate consumer outreach and support, particularly when it came to the difficult challenge of moving beyond general awareness to helping consumers deal with their

specific problems and providing them with hands-on assistance. And there was inadequate attention to certain key issues, like signal coverage and antenna problems.

Now, some may say that we won't be ready on June 12 either, and that there will still be consumers left behind. And that is true—this transition will not be seamless. The hard truth is that we won't be able to make up for the inadequate policies of the past few years in just a few short months. There will be consumer disruption—count on it. But I also know that we can use this time to make a real difference. We can provide more focused consumer outreach and support—especially for our most vulnerable citizens such as the poor, the elderly, the disabled, and non-English speakers. We can have better and more coordinated call centers. We can deploy “boots on the ground” to provide walk-in centers and in-home assistance to many who need it. And we can help consumers get a better grip on coverage and reception issues that so many are struggling with—serious problems that were for too long minimized or wished away.

I've never sugar-coated my concern that the DTV transition lacked the committed leadership and coordinated public-private partnership to get the job done. Indeed, in December 2007, I testified before this Committee that “[i]f we don't start making the DTV transition a national priority, we will almost certainly have a 9-car train wreck on our hands.” To be fair, I think the FCC and others did begin to act with more urgency starting in the middle of 2008—largely in response to Congressional oversight—but by then it was obviously too little, too late. The late start led to a rushed effort with little room for strategic thinking or for anticipating and fixing problems that arose.

When I became Acting Chair on January 22, I tried to bring a new level of coordination, collaboration and focus to the effort. We were still planning for a February 17 transition date at the time, and I told staff that our three most important priorities in the coming weeks would be DTV, DTV and DTV. We moved quickly to improve coordination of the Commission's efforts, to deploy new ideas and resources and teams, and to do whatever we could, at that late date, to minimize what was going to be considerable consumer disruption on February 17.

#### **THE DTV DELAY ACT**

We moved just as quickly in early February when Congress passed the DTV Delay Act to move the transition date to June 12. The basic thrust of the Delay Act, of course, was to give consumers additional time to prepare for the end of analog service. At the same time, Congress directed the FCC to give stations flexibility about turning off their analog signals in advance of the new deadline. Clearly, then, we had—and continue to have—a balance to strike between giving consumers adequate time to prepare and giving stations the flexibility to end analog service early. We didn't have a roadmap for achieving that balance—but we did have the commitment to finding it.

I believe we have struck a reasonable balance. We have given stations the flexibility to transition early. In all, some 629 stations transitioned on or before February 17, and another 160 have elected to transition between February 18 and June 12. Added to the 21 full-power stations that have only operated in digital and never had an analog

channel, 810 of the approximately 1,787 full-power stations nationwide (45.3%) will be providing digital-only service prior to the June 12 deadline.

At the same time, we have tried to protect consumers from a total loss of analog service. If all stations in a local market had terminated analog service on February 17, for instance, it would have been as if the Delay Act never happened for area viewers. So we tried to ensure consumers would continue to have analog service from at least *one* station affiliated with a top-four network. All other stations were allowed to transition whenever they wanted—no questions asked. In those markets where viewers would lose *all* of their top-four network affiliates, we asked those stations to comply with certain public interest requirements to help consumers in that market, including walk-in centers, telephone assistance, and staying on the air with at least one analog signal providing local news and emergency information to the community. Even then, if a network affiliate had a financial hardship, it could apply for an exemption from the requirements—and several did.

Most viewers still have the transition ahead of them. The bulk of the stations that have already transitioned are in mid-size and smaller markets. So while about a third of all stations nationwide have transitioned thus far, only about 15% of TV households have lost two or more network affiliates and only 2.5% of households are in markets that have completely transitioned. Indeed, there is some evidence that many consumers who lose some, but not all, stations in their area will simply switch to another channel. In the wake of February 17, Nielsen reports that the viewership of those stations that transitioned to digital was down over nine percent, while viewership in those markets



overall actually *increased* by almost one percent. So we have much of the work ahead of us and we should not—we cannot—become complacent.

## THE ROAD AHEAD

What we need to do now is to learn and apply the lessons before us. The full transitions in Wilmington and Hawaii, as well as the partial transitions on February 17 and those that will occur prior to June 12, give us the chance to have something of the phased transition I've long advocated. I welcomed former Chairman Martin's support for the idea of test markets and he worked hard to find such markets. Unfortunately, only one community, Wilmington, North Carolina, stepped forward last year to volunteer. The Wilmington test had its limitations—for example, the flat terrain did not provide a very challenging reception environment for digital signals—but it was still a valuable exercise. Having the benefit of a phased transition allows us to learn lessons along the way, make necessary mid-course corrections and identify problems before they become crises. The United Kingdom is transitioning on a regional basis between 2007 and 2012, learning at every step along the way and making necessary adjustments. Our single transition date did not afford us the luxury of a built-in learning curve. Now we have a short one, and we need to make the most of it.

Here's some of what we're doing to move up the learning curve at the FCC:

***Better consumer education.*** We recently revised our consumer education requirements to reflect the signal coverage, antenna and re-scanning problems that consumers have had to date. Starting April 1, stations must notify viewers about signal loss areas, the use of antennas, and the importance of re-scanning converter boxes and

digital TVs. The logic behind these new requirements is simple: consumers deserve the truth. If some of them are going to need new antennas to receive digital signals, let's tell them so. If a station's coverage area has shifted and some consumers won't get a signal no matter what they do, they should know that too. In addition, stations also must publicize the location and operating hours of walk-in help centers, and telephone contact information for the station and the FCC Call Center.

***Better targeted outreach.*** While the FCC will provide support to all markets, we have worked with NTIA to develop a list of 49 "hot spots" based on factors such as number of over-the-air households, demographics, coupon request and redemption rates, signal coverage problems, as well as our hands-on field experience.

***Better "boots on the ground."*** Another lesson the Commission has learned is that it is critical to have staff on the ground to assist with the transition, including walk-in help centers for consumers to get answers to their questions, apply for converter box coupons, learn how to install their boxes and receive advice on antenna and reception issues. In addition, there will be some consumers who will not be able to install a converter box or cope with antenna issues on their own—regardless of the number of call centers and walk-in centers available. The Commission must partner with organizations that can provide in-home assistance to these consumers. We are in the process of identifying and contacting local organizations that are willing to provide these services and can be trained to do so.

For instance, we are working through the details of an interagency agreement with AmeriCorps National Civilian Community Corps ("AmeriCorps NCCC") to provide

outreach and in-home installation assistance to at-risk populations in target markets across the country. We have identified Denver, Colorado as a test market to launch this partnership and will be conducting joint training there in advance of the early station transitions in Denver planned for mid-April.

We are also in the process of finalizing a Statement of Work for a proposed contract with the International Association of Fire Chiefs (“IAFC”). The IAFC is in a unique position to provide locally-based consumer assistance. Through the efforts of its member fire chiefs, it will be able to select and engage qualified fire service professionals in fire departments across the country to volunteer to assist consumers who need help installing their converter boxes. The plan is to link participating fire departments’ contact information with the FCC’s Call Center, thus enabling at-risk consumers to expeditiously obtain needed assistance from trusted, qualified and locally-based public servants.

In addition, the Commission is preparing to issue Requests for Quotation (“RFQs”) to solicit bids for contracts to provide call centers, walk-in centers, basic and expert in-home installation assistance and media support. In light of the need for these services, we have five contract officers and 42 contracting officer technical representatives supporting them to expedite the bid and contracting process.

***Better Call Centers.*** Shortly after I became Acting Chair, we worked with our industry partners to establish a single number for consumers to call for nationwide help. We developed a common set of materials for agents to respond to consumer inquiries and a process for referring calls to local resources. We now have the opportunity to take that foundation to the next level—to provide more in-depth training

for certain agents to handle longer, more technical calls, and to improve the tools available to agents for handling problems and the databases for referring consumers to help centers and other local resources. For instance, agents can now access the FCC's online mapping tool to walk consumers through the best way to get reception at their particular address. The agents can also provide callers with the names, locations, and contact information for every walk-in help center and other local resource in their area.

***Better signal coverage/better information about signal coverage.*** In some cases, portions of the existing analog service areas of some full-power stations will no longer be able to receive service after the station transitions to digital broadcasting. The Commission is taking several steps to provide stations experiencing such service losses possible ways of restoring coverage to those areas.

First, the Commission approved the use of distributed transmission service ("DTS"). With DTS, instead of using a single transmitter to air programming, a station can utilize a series of synchronized, lower power transmitters placed throughout its service area, with each transmitter broadcasting on the station's DTV channel. DTS has potential to enable broadcasters to improve coverage to service loss areas, particularly stations that changed channels or transmitter sites for their digital service or serve areas containing mountainous or uneven terrain. Unfortunately, the Commission only approved the use of DTS last November—too late for deployment by February and likely too late for deployment by June.

Second, the Commission has proposed to permit stations to improve coverage to loss areas by establishing a new "fill in" translator service that would permit full-power

stations to use translators to maintain existing service. I hope that we can adopt final rules soon. While we are working on the final order, we have and will accept requests for special temporary authorizations to allow stations that seek such facilities in order to mitigate their station's loss areas to construct and operate their fill-in translators. To date, we have granted six STA requests. The additional time may give those stations and others the opportunity to construct a relatively simple solution like a fill-in translator.

Third, we are focusing now on the cross-border coordination of requests from U.S. licensees to change certain station technical parameters – such as power levels, coverage or antenna height. For the most part, licensees request these changes to better reach viewers within their station service areas. Technical staffs in both Canada and Mexico are currently analyzing each of these “maximization” requests to assess compatibility with their respective country's TV stations. The fact that the U.S. is transitioning in advance of either of its neighbors adds some complexity – as the existing analog stations across the borders will need to be protected in the near term. That said, FCC staff has been working closely with Canadian and Mexican counterparts to facilitate expedited review of each request. And I have personally reached out to my cross-border counterparts as well in an effort to seek continued assistance as we move toward the conclusion of our DTV transition. Just last week, I had a discussion with a senior Canadian official about the importance of our maximization applications and my hope that they can be acted on quickly.

Whether or not these coverage issues are resolved, we should at least let consumers know that they exist. That is why we mandated that stations that anticipate significant service losses must notify their viewers. And that is why our FCC engineers

recently developed a new web-based tool to help consumers understand what stations they should be able to receive at their home addresses and what kind of antennas they might need to receive them.

## **CONCLUSION**

That is a small piece of what we are doing at the Commission. I would be remiss if I did not mention the heroic efforts of the FCC staff, and particularly our outreach team, a group of 200 truly dedicated public servants who have traveled far and wide to make a real difference in communities across the country. I also want to thank my two colleagues, Jonathan Adelstein and Rob McDowell, both for their tireless outreach and for the leadership that they and their staffs provide every day on these important issues.

Sincere thanks also go to Acting Assistant Secretary Gomez and her talented team at the National Telecommunications and Information Administration for the coordinated and constructive working relationship that has developed between our agencies. It goes without saying that NTIA has faced some pretty tough challenges in its administration of the TV Converter Box Coupon Program, and I want to congratulate them on the rapidity with which they eliminated over four million requested coupons on the waiting list. We have many additional challenges ahead of us as we move toward June 12, and it's great to know that NTIA will be right there next to us to continue to prepare the American people.

And I want to thank the affected industries as well—broadcasters, cable, satellite, consumer electronics manufacturers and retailers and others—for stepping up to

help the country make this transition. They have played an important role from the beginning, and when we provided them with a measure of enhanced coordination and the opportunity for public-private collaboration, they were able to accomplish even more. These industries and others have shown what a committed public-private partnership can accomplish in a short period of time, and, in doing so, they have made a tremendous contribution to the public interest.

Finally, I want to thank the groups too numerous to mention—the community and civil rights organizations, consumer groups, state and local governments, and others—who have reached out to help a friend, a relative, or a neighbor. Tip O’Neill famously said that “all politics is local.” Well, the DTV transition is local, too. In fact, it’s downright personal, and it will require that personal touch if we are to succeed.

I know we all will continue to work as hard as we can. Because our work is only partly done and the greatest part of the test is still ahead of us. Working together, we can—we will—make a huge difference for consumers.

Thank you for the opportunity to testify today. I would be happy to answer any questions you may have.

Mr. BOUCHER. Thank you very much, Chairman Copps.

Ms. Gomez. And you might pull that microphone a bit closer.

#### **STATEMENT OF ANNA GOMEZ**

Ms. GOMEZ. Thank you, Chairman Boucher, Ranking Member Stearns, and members of the subcommittee. Thank you for your invitation to testify this morning on the DTV transition and the TV converter box coupon program. I am Anna Gomez, and I serve as the Acting Assistant Secretary of Commerce for Communication and Information.

To date the coupon program has distributed 52.7 million coupons to more than 29 million U.S. households. Of these, consumers have redeemed nearly 26 million coupons at participating retailers for digital-to-analog converter boxes, and we will likely have many more requests for coupons before the program concludes.

As you all are aware, the DTV transition and the coupon program were in a crisis situation at the beginning of this year when we hit our coupon funding limit and were forced to create a waiting list for millions of coupon requests. We have made much progress since then, but we still have much work to do. From my first day at NTIA last month I have made it a top priority to minimize the number of people who could lose over-the-air TV as a result of the analog shutoff.

Thanks to the foresight and leadership of the President and Congress with the passage of the Delay Act last month, millions more people will have the opportunity to get prepared for the transition and to take advantage of the coupon program.

In addition to extending the transition date, the Delay Act extended the deadline for coupon applications to July 31, authorized us to reissue coupons to consumers whose coupons expired without being redeemed, and provided use with flexibility to deliver coupons by faster means.

The Recovery Act provided \$650 million in funding to implement these new improvements. Of that at least \$490 million will be used for the distribution of at least an additional 12.25 million coupons. Up to 90 million will be available for consumer education and technical assistance, and 70 million will cover the cost of distribution and other administrative expenses.

We appreciate the flexibility Congress provided by permitting NTIA to increase the allocation for coupons and to prioritize coupon distribution to consumers totally reliant on over-the-air broadcast service if necessary. This flexibility will enable us to adjust quickly to meet the needs of this unprecedented effort.

We also moved swiftly to make related modifications and improvements to our operational systems. In addition, we are now distributing all coupons using first class mail. All these actions are expected to reduce delivery time for coupons from 21 to 9 business days approximately.

Most importantly I am pleased to report that 5 days ago the coupon program was able to eliminate entirely the waiting list for coupons. We are, again, able to fulfill coupon requests as they are received and approved.

As important as these additional coupons and process improvements are to the success of the digital transition, our education and



outreach efforts are just as vital. We are tailoring these efforts to educate people of the various ways to become ready now for the digital transition, but it by obtaining a converter box with or without a coupon, by buying a digital television, or by subscribing to a pay television service. We want to do everything we can to ensure that those who need help can get it.

We are also making improvements to our outreach efforts based on lessons we have learned. For example, beginning last month the FCC, NTIA, and the White House significantly ramped up our coordination and accelerated efforts to ensure consumers have the information and assistance they need.

We are also redoubling our efforts with the public, private partnerships that have already helped millions of households prepare for the DTV transition. Our non-profit partners, for example, have served a vital feet-on-the-ground function to help inform the public of the new transition deadline and to assist those who still need to prepare. I would especially like to recognize the efforts of the Leadership Conference on Civil Rights Education Foundation and the National Association of Area Agencies on Aging or N4A, who receive NTIA grants to provide outreach and assistance to targeted populations. Thanks to the additional funds provided by Congress, NTIA grants to both of these organizations will be extended through the summer, allowing them to continue their outstanding efforts to help people prepare.

We also have learned that more outreach to vulnerable populations is needed, along with new and creative approaches to reach these consumers. We are, therefore, recalibrating our messaging and outreach activities and undertaking various public education activities to respond to our current challenges. For example, in addition to running paid ad and public service advertising through radio and print outlets and on transit systems and bus shelters and key markets, we are developing new training modules that can be used by our partners, grantees, and others to ensure consistency and accuracy of our messaging.

In conclusion, Mr. Chairman, let me thank you again for extending the transition deadline and providing NTIA with critically-needed funding for additional coupons and consumer outreach. Thanks also to Chairman Copps, Commissioners Adelstein and McDowell, and the NTIA and FCC staff for their ongoing commitment to a successful DTV transition and for working with us to maximize our effectiveness.

Finally, I would also like to note that Commerce Secretary Locke is fully committed to ensuring the success of the DTV transition and is already focused on the clarity and quality of our consumer education efforts. With all of us working together we can usher in a successful end to the DTV transition.

And I will be happy to answer your questions. Thank you.

[The prepared statement of Ms. Gomez follows:]

**Testimony of Anna M. Gomez  
Acting Assistant Secretary for Communications and Information  
National Telecommunications and Information Administration  
U.S. Department of Commerce**

**Before the**

**House Subcommittee on Communications, Technology, and the Internet  
Committee on Energy and Commerce  
U.S. House of Representatives**

**Hearing on  
The Digital Television Transition**

**March 26, 2009**

Introduction

Chairman Boucher, Ranking Member Stearns, and members of the Subcommittee, thank you for your invitation to testify this morning on the digital television (DTV) transition and the current status of the TV Converter Box Coupon Program (Coupon Program) administered by the National Telecommunications and Information Administration (NTIA). My name is Anna Gomez and I was honored by President Obama on February 2, 2009, to be appointed Deputy Assistant Secretary of Commerce for Communications and Information. I currently serve as Acting Assistant Secretary for Communications and Information.

Beginning on day one, I made it a top priority to minimize the number of Americans who could lose over-the-air (OTA) television service as a result of the analog shut-off—particularly our most vulnerable populations—and to seek out, to the greatest extent possible, those Americans who have not yet prepared for the transition so that we can get them the assistance they need to continue to receive important local television news and emergency information after June 12<sup>th</sup>. Of course, they also will be able to

fully enjoy – today - the benefits of digital television broadcasts, such as better picture and sound, as well as more channels. Thanks to the foresight and leadership of President Obama and the 111<sup>th</sup> Congress, consumers have up to four additional months to prepare for the conclusion of the DTV transition. With increased funding and statutory changes related to coupon availability and distribution, consumers who have never applied, as well as those who have expired coupons, have an extended opportunity to take advantage of NTIA's Coupon Program. Indeed, because of this legislation, many more U.S. households will be ready for the era of digital television.

I am extremely pleased to report that five days ago, the Coupon Program completed its hugely important task of eliminating the coupon waiting list that began in January. This means that the Program is once again processing coupon requests as they come in on a current basis, upon receipt and eligibility approval. Many additional tasks related to the DTV transition demand no less attention and the Obama Administration is committed to ensuring they, too, are met to minimize the number of U.S. households that are not prepared for the end of analog broadcasting.

#### Necessity of the Delay

Moving the date by which full power television stations are required to broadcast solely in digital from February 17 to June 12, 2009, was a necessary course of action because too many Americans were at risk of losing OTA television service. For these households, OTA television was their primary means of obtaining local news and potentially life-saving emergency information. Just a month before February 17<sup>th</sup>, Nielsen estimated that 6.5 million households were unprepared for the DTV transition, with a disproportionate number of those unprepared consisting of vulnerable populations,

such as low-income and minority households and people with disabilities. And while we have seen significant progress in the number of seniors who are prepared, there is still more work to be done,

Further, as you know, demand for coupons in the last two months of 2008 caused the Coupon Program to reach its maximum budget authority on January 4, 2009. On that date, NTIA began to queue coupon requests on a wait list and was able to process coupon requests only as previously-distributed coupons reached the end of their 90-day life-cycle without being redeemed. As of February 17, 2009, the date originally set for the switch, approved coupon requests from nearly 2 million households remained on the waiting list, and 14 million active coupons were yet to be used.

Another challenge was the need for adequate call center resources in the weeks leading up to the February 17 transition date. Call center assistance is a very important means to provide aid to consumers who have not yet fully prepared for the transition. The delay allows time for additional resources – both at the national and local levels – to be put in place, and gives consumers additional time to obtain immediate assistance on converter box installations, scanning and antenna needs, and the effect of signal contour changes (*i.e.* the “digital cliff” effect) on the reception of digital channels. Without the delay, consumers may not have had sufficient time to access practical information and technical assistance, and millions of Americans were at risk of losing all local broadcast signals on February 17<sup>th</sup>.

Passed by the Congress and signed into law by the President on February 11, 2009, the “DTV Delay Act” (Pub. L. No. 111-4) is a responsible and balanced approach to ensure that Americans are prepared to benefit from the DTV transition. This

legislation amends the Digital Television Transition and Public Safety Act of 2005 (Title III, Pub. L. No. 109-171) to extend the end date for analog broadcasts of full power television stations from February 17 to June 12, 2009, and provide critical changes that will improve NTIA's ability to administer effectively the Coupon Program.

Changes to the Coupon Program include an extension of the date by which applications for coupons can be made from March 31 to July 31, 2009, and authorization to reissue coupons to requesting households for each coupon issued that expired without being redeemed. It also gives NTIA flexibility to deliver coupons to requesting households by means other than the U.S. Postal Service. These important changes became effective upon enactment of the "American Recovery and Reinvestment Act" (Division A, Title II, Pub. L. No. 111-5) (Recovery Act), signed into law by President Obama on February 17, 2009. The Recovery Act also provided an additional \$650 million to the Coupon Program, with up to \$90 million designated for consumer outreach and technical assistance.

As you know, 417 full power television stations switched to all digital broadcasts on the original February 17, 2009 date. Combined with the 220 stations that had previously made the transition, approximately one-third of all full power television stations are now broadcasting exclusively digital service. Last week, an additional 158 stations notified the FCC of their intention to terminate analog service in advance of the June 12 deadline. Thus, instead of a single, one-time switch by all full power television stations, this more phased-in transition should help avoid overwhelming the available assistance resources and allow us to make improvements in the quality of the support, outreach, and education services we provide.

I'd like to also note that Secretary Gary Locke is fully committed to ensuring the success of the transition, as he indicated last week during his confirmation hearing. NTIA is very excited that such a capable leader and creative thinker will be taking the helm of the Commerce Department at this critical time. The Secretary is already focused particularly on the quality and clarity of our consumer education efforts and messaging, and the NTIA and the Coupon Program welcome his thoughtful leadership as we continue to refine and improve our outreach to vulnerable populations.

#### Coupon Program Reforms and Status

NTIA published a final rule, effective upon publication in the *Federal Register* on March 12, 2009, implementing changes to the Coupon Program made by the DTV Delay Act. In addition to modifying the program rules, NTIA has moved swiftly to make related modifications and improvements to the Coupon Program's operational systems. These modifications will expedite delivery of coupons and ease the financial burdens on consumers who rely on broadcast television service when stations switch off their analog signals between now and June 12, 2009.

The Coupon Program was able to eliminate the waiting list, which reached a high of 4.2 million coupons as of March 5, 2009, and is now fulfilling coupon requests as they are received and approved. In addition, the Coupon Program directed IBM to distribute all coupons using first class mail, a modification expected to reduce delivery time for coupons from 21 to nine business days depending on delivery location.

Overall, as of March 23, 2009, the Coupon Program has distributed 52.7 million coupons to more than 29 million U.S. households. Of these, nearly 26 million coupons have been redeemed at participating retailers for an eligible digital-to-analog converter

box. The cumulative redemption rate for coupons issued through March 18, 2009, to households identifying themselves as OTA-reliant was 59.3 percent. By comparison, the cumulative redemption rate for non-OTA-reliant households is 51.7 percent.

Of the \$650 million in new funding provided to the Coupon Program by the Recovery Act for additional coupons and related activities, at least \$490 million will be used for the distribution of at least an additional 12.25 million coupons, while up to \$90 million will be available for consumer education and outreach (including technical assistance) and \$70 million will be available to cover the costs of coupon distribution and other administrative expenses. Although there is no guarantee that consumer demand for coupons will not exceed this additional funding, we believe these funds, including the \$90 million available for consumer education and outreach, are sufficient to ensure that consumers will have access to the information and assistance they need when television stations end their analog service. NTIA appreciated the flexibility built into the statute regarding use of Recovery Act funds which allows NTIA if necessary to increase the allocation for coupons and/or to prioritize the distribution of coupons, for example, to consumers totally reliant on OTA broadcast service, if demand for coupons<sup>1</sup> rises above this level. To inform our decision-making in this respect, NTIA will closely monitor demand for all coupons, including replacement coupons, throughout the remainder of the Coupon Program.

As of March 23, 2009, the Program has committed 40 percent of the \$490 million available for coupons in Recovery Act funding 4.9 million coupons. Therefore, 60

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<sup>1</sup> As of March 23, 2009, a total of 17.5 million coupons issued had expired without being redeemed

percent of the Recovery Act funds are available for an additional 7.3 million coupons that may be issued.

Working Together to Meet the Challenge

If there is one lesson learned from our collective experiences to date, it is that all of us—public and private entities alike—must work in extremely close coordination if we are to get this job done right. Beginning last month, the FCC, NTIA, and the White House significantly ramped up our coordination and accelerated our efforts to reduce consumer confusion about the DTV transition and to reach out to the populations most vulnerable to be unready for the transition. Together, these three organizations are working as one to address: 1) target markets; 2) messaging and media; 3) partnerships; 4) call centers; and 5) post-transition assistance.

For example, we are now coordinating call center operations of NTIA, the FCC, and private industry to ensure that consumers can easily and simply get the information needed to receive digital signals. These agencies and organizations are sharing information, transferring calls to the appropriate call centers with expertise, and providing a portal that enables operators unable to solve a problem over the telephone to link consumers with local resources that can provide even more personalized assistance such as in-home installation of converter boxes.

The NTIA and FCC have also coordinated consumer outreach plans for the final months of the transition to maximize effectiveness and consistency of messaging and to avoid unnecessary duplication of efforts. Finally, we have participated in White House meetings with industry and consumer groups to better coordinate with private sector assistance. These meetings have yielded valuable input and fostered new and improved



public-private sector collaboration. Close coordination among the FCC, NTIA, and the White House will continue through and beyond the June 12, 2009, transition date.

We will also be making coordinated improvements based on our experience with the initial transition of February 17, when 417 stations transitioned to all digital broadcasts.

Although the initial transition appears to have gone relatively smoothly, the experience also clearly showed that additional technical assistance and information is imperative, particularly regarding antenna reception and positioning, rescanning of installed converter boxes, and the possible loss of stations due to the digital cliff effect. I

commend the FCC for its recent adoption of rules requiring broadcasters who have not yet made the transition to educate consumers about these potential technical problems.

NTIA may transfer funds up to \$90 million to the FCC from the Recovery Act funding reserved for education and outreach to serve this purpose if the Secretary of Commerce determines that the transfer is necessary and appropriate and after required Congressional notifications. As part of their ongoing coordination of outreach efforts, NTIA and the FCC are working expeditiously on an appropriate transfer of any necessary funds. Any funds not transferred to the FCC will be available to fund coupons.

The February transition also impressed upon us the general need for more outreach to targeted populations that are particularly vulnerable to be unready for their markets' transition to digital. I therefore believe we must redouble our efforts and recommit to the public-private partnerships that have already helped millions of households prepare for the DTV transition. We must also identify and pursue new and creative approaches to reach these consumers.

With Nielsen estimating that nearly 4.1 million U.S. households, or 3.6 percent of all television homes, are still “completely unprepared” for the transition—many of them vulnerable populations—outreach to these unprepared households will be a key focus of our remaining efforts. Collaboration among Federal partners will help, but our industry and non-profit partners at the national, regional, and local levels will be a vital part of this effort’s success.

With regard to our industry partners, the Coupon Program is gratified by the high level of participation by converter box manufacturers and consumer electronics retailers in the Coupon Program. As of March 23, 2009, NTIA had certified 191 converter boxes, each designed for the statutory purpose of enabling a consumer to view digital broadcast signals on an analog television set. We concluded our converter box certification activities as of January 1, 2009, and will test and certify boxes only on a case-by-case basis going forward.

The Coupon Program also enjoys the participation of 2,216 retailers as of March 23, 2009, including six of the largest retailers—Best Buy, Kmart, Radio Shack, Sears, Target and Wal-Mart—as well as hundreds of regional chains and smaller retailers. These retailers represent 31,823 participating outlets nationwide, including locations in all 50 states, all DMAs, as well as Guam, Puerto Rico, and the U.S. Virgin Islands. Consumers can also choose from among 27 online retailers and 9 phone retailers. Even in areas where the closest consumer electronics retailer is fifty or one-hundred miles away consumers have ready access to a selection of coupon-eligible converter boxes.

At the request of retailers, the Coupon Program has made coupon request and redemption data available by state and zip code on its retailer website, [www.ntiadtv.gov](http://www.ntiadtv.gov)

to help retailers manage converter box inventories. We have also made available a breakdown of the waiting list for coupons by DMA and posted links to the FCC's listing of television stations by DMA and their planned analog termination dates. NTIA is committed to working with our participating retailers, including providing them with all available data they need to ensure that they can meet consumer demand for converter boxes over the next several months.

Other industry partners, in particular television broadcasters and cable operators, have provided important leadership to the public-private partnerships' outreach efforts. Their continued commitment to provide education and outreach to consumers will go a long way toward ensuring that the June 12 switch is a success. We greatly appreciate their individual efforts and the collective efforts of hundreds of other participants that are members of the DTV Coalition. Through this collaboration, we can ensure that we maintain a clear and consistent message that will reduce the uncertainty, confusion, and frustration of American consumers.

Last, but certainly not least, our non-profit partners have served a vital "feet on the ground" function to help inform the public of the new date and assist those that still need to prepare. In particular, I would like to recognize the efforts of two national nonprofit organizations that have received NTIA funding—the Leadership Conference on Civil Rights Education Foundation (LCCREF) and the National Association of Area Agencies on Aging (n4a)—to provide outreach and assistance to targeted populations.<sup>2</sup>

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<sup>2</sup> The "DTV Transition Assistance Act" (Pub. L. No. 110-295) provides NTIA with flexibility to utilize surplus funds in the Low Power Television and Translator Station Conversion Program for consumer education and technical assistance related to the DTV transition and the Coupon Program. Pursuant to this act, \$4.5 million was determined to be available for these purposes.

NTIA awarded \$2.7 million to n4a to help seniors make use of the Coupon Program. With these funds n4a is assisting seniors with completing coupon applications, obtaining converter boxes and connecting boxes to television sets in seniors' homes. They have partnered with other organizations—Meals on Wheels Association of America, the National Association of Hispanic Elderly, the National Asian Pacific Center on Aging, and the National Caucus and Center on Black Aged, among others—to form the Keeping Seniors Connected Campaign.

In the first seven weeks of the Campaign, nearly 97,000 contacts have been made to provide individual assistance to seniors. The support provided through the Campaign ranges from assisting seniors with coupon applications, to conducting demonstrations about converter boxes and box installations, as well as furnishing transportation for individual and groups of seniors to retailers so that they can purchase converter boxes. For example, the Western Reserve Area Agency on Aging coordinated with the management of a senior facility in Cleveland, Ohio. The Agency scheduled installation of multiple converter boxes for visually impaired senior residents and provided training for these senior citizens on box and remote control use.

Likewise, an award of \$1.65 million was made by NTIA to LCCREF to help vulnerable populations make use of the Coupon Program. These funds have supported the establishment of two Digital TV Assistance Centers in seven television markets with large OTA populations to train local leaders so that households most at-risk have the necessary tools, resources, and technical assistance to continue viewing OTA television service.

LCCREF DTV Assistance Centers have responded to special problems for individuals living in single room occupancy (SRO) buildings, a common living situation in many U.S. cities. In one city, San Francisco, LCCREF is providing assistance to low-income families that live in SROs, especially those in the Chinatown neighborhood. Because these individuals are not able to apply for coupons due to program rules, the Assistance Centers provide direct assistance by supplying these individuals and families with donated coupons, purchases of converter boxes with coupons, and in-home installation of boxes, depending on the need.

Because of the new funds made available by Congress, the grants to both of these organizations will be extended through the summer to help us continue to reach households among vulnerable populations unready for the digital transition.

I know that many Members of Congress, particularly members of this Subcommittee, are extremely active educating consumers about the DTV transition. Your efforts, along with those of state and local officials, have added greatly to consumer awareness of the transition and their options. I encourage each of you, others in Congress, along with state and local officials, to continue to get the word out through town hall meetings, tele-town halls, staff briefings, outreach materials, and call centers over the next several months. NTIA is prepared to support your efforts and we look forward to working with you to keep your constituents well informed about the transition and the Coupon Program.

#### NTIA's Consumer Education Efforts

The Coupon Program is currently recalibrating our messaging and outreach activities to ensure that the remaining unprepared households are made aware of the DTV

transition and know their options to prepare. In particular, we are re-examining our target markets based on the most recent Nielsen data and on coupon application and redemption data directly from the Coupon Program. As I have stated, this is nothing less than a public safety issue that I take very seriously.

As the DTV Delay Act was being considered by the Congress, the Coupon Program focused its consumer education efforts on supporting partner activities that had already been scheduled in expectation of a February 17 transition date. With the extension, however, we began preparing for the next phase of consumer education outreach focusing on the new June 12, 2009, transition date.

For example, last month the Coupon Program worked in cooperation with Microsoft's "Blacks at Microsoft" employee group and Radio Shack to provide converter box installation assistance focusing on low-income, senior apartment buildings in predominantly African American neighborhoods. Microsoft and Radio Shack volunteers were in Seattle, Milwaukee, Indianapolis, and Dallas to disseminate and install certified converter boxes to those who had previously requested a coupon during the TV Converter Box Coupon Program application drive hosted by Microsoft.

In addition to assisting consumers directly through our consumer education activities, approximately 850,000 media impressions<sup>3</sup> garnered from print, broadcast, and online outlets educated larger communities about the converter box installation process and the immediate benefits of digital television. The program has also engaged more than 400 partners who have agreed to educate their constituents about the Coupon

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<sup>3</sup> The term "impressions" refers to the number of people who may have seen an article, heard something on the radio or in a podcast, watched something on television, or read something on a web page or blog.

Program, including 41 Federal agency partners. We intend to continue working with these partners in the months ahead and track media impressions throughout the country.

As I mentioned, Secretary Locke places a high priority on consumer education and outreach so that Americans consumers know their options and can effectively prepare for the DTV transition. In an effort to understand why some consumers have not prepared and to improve our messaging, we began to convene focus group meetings in eight geographically dispersed locations throughout the country last week. Continuing this week, the focus group meetings include a heavy emphasis on participation among low-income, young, and minority citizens, reflecting our need to better understand the gap in preparedness among these populations. We anticipate this effort will enable us to refine our messaging, create additional materials that may be needed, and better target our educational outreach.

The Coupon Program will run paid and public service advertising on the DTV transition and the Coupon Program to reach target populations through radio and print outlets. We will also provide public service advertising on transit systems and bus shelters in key markets and will explore the use of paid media frequently accessed by consumers in our target markets through contacts with ethnic partner organizations.

The Coupon Program's consumer education and outreach will also include the continued supply of educational materials to our partners so that they can directly provide information and resources to their constituents. NTIA is also planning to establish training modules that can be used by all of our partners and grantees, as well as by other entities to ensure the consistency and accuracy of information conveyed to the public about the June 12, 2009, transition date and the Coupon Program.

To complement these efforts, the Coupon Program is exploring the establishment of “mobile unit transition assistant teams” or “mobile assistance centers” that can be deployed to local communities in our target markets throughout the country to help consumers with coupon applications and box installations. To complement the mobile assistance teams, we are also exploring the creation of “retail events teams” to conduct similar outreach activities at stores of the Program’s participating retailers. We will continue to think creatively and work with our partners to develop and implement new approaches that will supplement and enhance our consumer education efforts.

#### Conclusion

When President Obama signed the DTV Delay Act into law, he emphasized the high priority the Administration places on needs of American consumers, particularly in this period of economic uncertainty. Calling this legislation “an important first step forward as we work to get the nation ready for digital TV,” the President expressed his Administration’s commitment to “work with leaders in Congress, broadcasters, consumer groups and the telecommunications industry to improve the information and assistance available to our citizens in advance of June 12.”

That is why I am here this morning, and that will be a principal mission for NTIA over the next three months. Working together we can get the DTV transition right. The American people deserve nothing less.

Again, thank you for extending the DTV transition to June 12, 2009 and for providing NTIA with critically-needed funding for additional coupons and consumer outreach. And thank you again, Mr. Chairman for the opportunity to testify this morning. I will be happy to answer your questions.



Mr. BOUCHER. Thank you very much, Ms. Gomez, Chairman Copps. We appreciate your testimony this morning and congratulations to both of you on a job well done in managing this transition through a difficult, very difficult period.

Ms. Gomez, as I suggested in my opening statement, I am concerned about whether or not there are going to be enough converter boxes available to meet the demand that will arise between the present time and June the 12th, and I make reference to the document which your office prepared with data as of 4:00 yesterday afternoon that indicates that there are currently about 9.2 million, almost 9.3 million active coupons in circulation. These are coupons that you have issued, that have been mailed, that as of this moment have not been redeemed.

And I understand that the current redemption rate for coupons is approximately 60 percent. Is that correct?

Ms. GOMEZ. That is right.

Mr. BOUCHER. And so if you just do the simple math, 60 percent of 9.2 million would be 5.5 million converter boxes that we could expect to be claimed based upon redemptions of the coupons currently in circulation. And that number does not take into account the purchase of converter boxes without coupon support, some amount of which happens, and it certainly doesn't take into account the new demand for converter boxes that will arise based on coupons issued from this day forward, which will be now on June the 12th.

And so we can reasonably estimate that the demand for converter boxes is going to be well beyond this 5.5 million converter box number, and that is the number we know as of today based on the current redemption rate just on coupons already issued.

The Consumer Electronics Association will testify later this morning that they anticipate only about 4.2 million converter boxes being needed all the way to June the 12th, and just based on the math I have done here and reported that seems to me to be a very low number.

So my question to you is do you share that concern? And do you have any information that can enlighten up about the total projection of converter boxes that may be needed up until June 12?

Ms. GOMEZ. Yes. Actually, I do share that concern. We—about whether inventory—

Mr. BOUCHER. Is your microphone on, Ms. Gomez? If not, pull it—

Ms. GOMEZ. I do share that concern.

Mr. BOUCHER. All right. Good.

Ms. GOMEZ. Sorry. About whether inventory levels will be sufficient to get us through the end of not just June 12 but the demand that will also follow beyond June 12. Up until now the inventory levels have been good, and we have terrific retailers that voluntarily participate in our program. In order to be able to participate in our program, they do have to follow some rules, and our rules require those participating retailers to maintain inventory at commercially-reasonable levels.

In order to keep our retailers informed of the demand at least from the coupon program, we do have a specific program that is geared completely towards keeping retailers informed about re-

quest rates. We do this by zip code. We have a lot of information on our Web site that is dedicated to providing retailer information. So our efforts are to ensure that retailers understand in their areas where they need to be maintaining a certain amount of inventory. And then retailers, if needed, can order boxes with sufficient amount of time.

It was good news to hear I think at your last hearing that the manufacturers were going to be able to manufacture boxes in a shorter timeframe, but it certainly is something that is worth keeping an eye on because if every coupon is redeemed, there won't be sufficient boxes to meet that demand.

Mr. BOUCHER. OK. Thank you very much. Let me ask you one additional question. Some on this panel have suggested that you should only send coupons to over-the-air-only households. In other words, households that have no cable or satellite subscription but rely completely on over-the-air television to receive service.

I disagree with that. I think those households clearly should be the priority—

Ms. GOMEZ. Uh-huh.

Mr. BOUCHER [continuing]. But I think that households that have a cable or satellite subscription but perhaps have televisions on a different floor where the cable or satellite wires don't run and where those televisions are over-the-air dependent should be able to get coupons to the extent that you have coupons available to supply them.

So my question to you is what is your approach, and what will be your approach going toward June 12 in terms of the homes to which you are supplying coupons pursuant to requests?

Ms. GOMEZ. Yes. NTIA does share the concerns that completely unprepared households are able to prepare themselves before the transition date. Our current program, thanks to the delay, we were able to change our rules so that we are, in fact, able to prioritize over-the-air household coupon requests should the need arise. We are going to carefully monitor the number of requests that we get to make sure that if we get ourselves into another situation where we see a possible end of our funding limit, then we can begin prioritizing over-the-air households and make sure that they get those coupons.

Mr. BOUCHER. But at the present time you are honoring requests without regard to whether they are over-the-air only or households that simply need converter boxes. Is that correct?

Ms. GOMEZ. That is correct. We are honoring requests for all households that apply for the coupon.

Mr. BOUCHER. Let me encourage you to continue doing that, prioritizing as need be to the over-the-air-only households. They should be the first priority. But to the extent that you have coupon availability beyond those, you should also honor the requests coming from households that simply need converter boxes but also have a cable or satellite subscription.

My time has expired, but I am going to take the liberty of asking Mr. Copps a question, and I will be generous with other members.

Mr. Copps, you mentioned in your testimony the problems associated with the fact that digital signals do not have the same propagation characteristics as analog signals, and there will be house-

holds that can get an analog signal from a given television station that when this transition occurs will not get the digital signal from that same station. Implying, of course, the need to do something about antenna readjustment or antenna replacement.

And you and I have both been to White Haven, England, and seen firsthand the circumstances that pertained there when they transitioned to digital a couple of years ago. And what struck me on that visit was the extraordinary number of antennas that had to be replaced entirely. It was more than 10 percent of the total. And we are now seeing that problem arise here in some of the markets that have transitioned, and we have concern that additional rural areas in particular will experience this problem on June the 12th.

And so my question to you broadly spoken is what are you doing to assist in getting people prepared for this eventuality, and what should we be thinking about in terms of aiding you in that effort?

Mr. COPPS. Well, it requires, I think, a new level of education, and this was not a message that went out early enough. Again, I think if we had had the kind of public sector, private sector partnership I have been harping for for 2 years, we would have identified a problem like this much earlier on than the time that we actually did. We focus so much on the boxes, boxes, boxes, and people got their boxes, and then ran into these antenna problems. So we are requiring in the consumer education that stations do, going forward that we educate people about the antenna problem.

We have a new tool on our FCC DTV webpage to instruct people on the strength of the signals coming into their specific zip code. You can just type in your zip code, and you will find the stations and that strength that they are broadcasting at and the direction they are coming from, help you to aim your antenna and things like that. But there is, you know, you could have 5 or 10 percent of the people that are going to experience this problem. It is not going to be resolved by June. We should have done these kinds of studies much earlier on and identify the problem. There are things we can do. We are trying to get distributed transition systems going to strengthen signals and all that, but they all take time, and they take money for a hard-pressed industry right now.

Mr. BOUCHER. Thank you, Mr. Copps, Ms. Gomez.

The gentleman from Florida, Mr. Stearns, is recognized for 5 minutes.

Mr. STEARNS. Thank you, Mr. Chairman.

Ms. Gomez, welcome to our committee and for your first time I suspect, and so we appreciate that. The gentleman from New York indicated this is totally mismanaged. Of course, Mr. Markey was chairman the last 2 years and Mr. Upton, distinguished gentleman from Michigan, they had hearing after hearing, so I don't know if mismanagement is a good appellation to put on this because I think they were on top of it.

In fact, you heard Ms. Blackburn indicate that no one had any problem with the transition in her Congressional district. Mr. Terry indicated there were 33 calls out of 412,000 households. And Mr. Upton in his Congressional district in Michigan had one call, and my Congressional district we transitioned also.

So I appreciate everybody's apprehension here about this being mismanaged, but I think the evidence so far has been that it seems to be working at least in several of the Congressional districts here on the Republican side, so—and I commend Mr. Markey and Mr. Upton for all the work they did on this.

Assistant Secretary Gomez, the theory behind this delay was that 5 percent were unprepared homes. The stimulus legislation obviously gave an extremely wide latitude on how to spend this roughly \$650 million in additional funding. Shouldn't we just spend \$350 million to cover two redeemed coupons for each remaining unprepared, exclusively over-the-air home and return the rest of the money, which I think would be a good signal to the people out there in American that we are trying to do things with less money and return what we don't need?

Ms. GOMEZ. Well, under the Act and our goals are to provide the coupons to every requesting household as you know. So while we do share the concern about making sure that over-the-air households are prepared, as I mentioned, we are going to make sure that they are able to provide the coupons to those households if we end up in another situation where we have a wait list possible. And so what we knew back in January was that we had about 6.5 million households unprepared. Since that time we have been able to provide coupons to 1.2 million over-the-air households, so we are making progress. We want to make sure that we are able to provide the coupons to the households that aren't themselves prepared for the rest of this time. And we are going to monitor carefully.

Mr. STEARNS. Well, have you ruled out the possibility that you will return money? Because there is a lot of people have coupons, there are seven million coupons that have been unredeemed and then with this new money you will have totally more, even if you take out the administration costs and the education costs, you are still going to have a lot of money. You will have I conjecture almost 20 million coupons out there, and you got four million homes times two is eight million, so you could possibly have more coupons than households that need it. Is there a possibility in your mind that you would return the money that you don't use?

Ms. GOMEZ. Well, any money that goes unused will be returned at the end of the program.

Mr. STEARNS. Well, OK. In the legislation the stimulus package allowed the NTIA to transfer some or all of the 90 million in consumer education funds to the FCC so as long as give the House and Senate appropriator the five-day advanced notice, has the NTIA transferred any money to the FCC yet?

Ms. GOMEZ. No. The money hasn't been transferred yet. In fact, we have our request to Congress prepared, and that should be coming shortly. That will delineate how the FCC plans to use that money.

Mr. STEARNS. And how much are you talking about?

Ms. GOMEZ. We are talking about \$65 million at this point.

Mr. STEARNS. How did you come up with \$55 million as opposed to \$20 million or \$100 million? How did you come up with \$55 million?

Ms. GOMEZ. It is actually \$65 million. We worked—

Mr. STEARNS. Sixty-five.

Ms. GOMEZ. Yes.

Mr. STEARNS. Not \$55. It is——

Ms. GOMEZ. Right. It is \$65.

Mr. STEARNS. How did it go from \$55 to \$65? Just a slip?

Ms. GOMEZ. Yes.

Mr. STEARNS. Wow. Ten million dollars.

Ms. GOMEZ. Yes. We worked with the FCC closely, and they came up with the projections of what they would need. They sent us a request, and we did take a look at it. We will be providing, like I said, a letter that delineates how specifically each of those categories are going to be used.

Mr. STEARNS. Can you send that letter to Chairman Boucher and myself?

Ms. GOMEZ. Certainly.

Mr. STEARNS. I mean, that would be—I think, Mr. Boucher, you would like a copy of that, and I would like to—whether it is \$55 or \$65.

Ms. GOMEZ. Yes.

Mr. STEARNS. Mr. Copps, she indicated that the FCC was intimately involved or involved with coming up with this request. You might want to comment.

Mr. COPPS. Yes. We are looking at, as I said, a new level of consumer education and outreach. We are planning to use those millions and put out some requests for proposal in the very near future which will help to ensure that the call center operation is up and running and calibrated the way it should be for help centers and in-home assistance and for media buys and public relations.

Because the request for proposals have not gone out yet, they tell me it is best not to get into saying how much in each one of those categories because you can kind of mess up the bidding process in doing that, and I have no desire to do that. But I think based on the proposals that we have put forward and also some of the work we are talking about with AmeriCorps and the fire fighters, that it is going to be a tremendous return on investment. A lot of this is going to be just getting processes going with the fire fighters and with AmeriCorps, and they will mobilize, but a lot of the labor that will come to it will be volunteer labor. So I think we are going to get a really good return on the investment.

Mr. STEARNS. OK. Mr. Copps, I just wanted to congratulate—you and I are probably the only ones talking about during this transition having a demonstration project, and I remember when you came to my office, you and I both agreed and——

Mr. COPPS. Right.

Mr. STEARNS [continuing]. There is very few of us that did, and as it turned out we did a demonstration project in Wilmington, North Carolina, and you know, the chairman of the FCC was up here, and it turned out it was very successful. Obviously there were some people that did call but relative to the percentage it worked very well, which I think went to another part of our attempt to try and manage this.

So with that, thank you, Mr. Chairman.

Mr. BOUCHER. Thank you very much, Mr. Stearns.

The gentleman from Michigan, Mr. Dingell, is recognized for 5 minutes.

Mr. DINGELL. Mr. Chairman, first, Mr. Copps and Ms. Gomez, congratulations. Welcome to the committee.

Mr. COPPS. Thank you.

Mr. DINGELL. Ms. Gomez, as you are aware, NTIA during the previous Administration stated to this subcommittee that it had adequate funding with which to meet consumer demand for digital television converter boxes. As we have learned, this was quite untrue.

What have you done to correct this situation?

Ms. GOMEZ. Yes, sir. Well, thanks to the additional money that Congress provided to us through the Recovery Act, we are able now, we were able last week to clear out the wait list of coupons and now to dedicate more resources to funding coupon requests.

Mr. DINGELL. Will you have sufficient funds to meet your charges under the law?

Ms. GOMEZ. Well, I certainly hope so.

Mr. DINGELL. Hope won't do when you got a bunch of bad consumers.

Ms. GOMEZ. That is correct, which is why what we are doing is retargeting and refocusing our efforts, because we want to make sure that those consumers that need this program the most are educated and understand their need to get that money today, get the coupons today so that they can prepare themselves immediately.

Mr. DINGELL. See, I saw when we did this, we first gave NTIA \$5 million to publicize it. That was clearly not enough. We gave you more money later, I think \$90 million. And we now find ourselves in a situation, though, where I see nothing going on out there in terms of public information flow to the consumers about this. So I am curious. Will you commit to us to keeping us fully informed about the status of the level of funding and the availability of coupons and the availability of the converter boxes?

Ms. GOMEZ. Yes. I will commit to do that. We will continue to provide information.

Mr. DINGELL. Now, Ms. Gomez, how does NTIA currently predict consumer demands for those coupons?

Ms. GOMEZ. We actually don't have a prediction today for what the consumer demand will be. We have been able to learn—

Mr. DINGELL. Don't you need to know that?

Ms. GOMEZ. Well, the truth is now that we are reissuing, we are permitting the reissuance of coupons for consumers that had their coupons expire, we expect to have demand increase, but we need to monitor over the next several weeks to see now that we have advertised the availability of reissuance to see how much that increases the level of demand from consumers today.

Mr. DINGELL. We have given you additional time, additional money, and you now have until some time in June when you have got to see to it that you have gotten all your coupons out, you got all your coupons back, everybody has got a converter box so we don't have a bunch of mad consumers on our hands. And I can just tell you that I anticipate full well we are going to have some angry people calling our offices about the fact that this has not been properly handled.

How can you assure us that you are going to meet your deadline, and how can you ensure us that you are going to have the adequate number of coupons, the adequate number of boxes, and that they are going to be in place?

Ms. GOMEZ. We are planning for making sure that we target the populations that most need this type of help, because it is true, you are actually right, the coupon program isn't going to be what makes sure that by June 12 all consumers don't call your offices. So what we have to do is dedicate our resources to making sure that we provide both the technical assistance, which is what the FCC is working on, as well as make sure there are community partnerships or public, private partnerships, our friends in the broadcast industry and the cable industry, continue to help us to provide that assistance to consumers. That is the way that we are going to be able to make sure that the outreach is there, even if we don't—

Mr. DINGELL. You have not comforted me.

Mr. Copps, you have indicated in your testimony that you have new problems which apparently are coming to my attention for the first time with regard to how the difference in coverage in the service areas of analog versus digital is going to impact. What are you doing to make sure that we are going to have full service across the entire service area of these new digital broadcasting operations?

Mr. COPPS. We are not going to be able to ensure that we have full coverage of digital signals in current broadcasting areas. We are going to try to alleviate the problem that is out there. We are going to try to educate consumers to the extent of the problem to forewarn them and hopefully to forearm them by calling upon the stations to help us to get that message out, and then try to encourage whatever technical solutions are realizable between now and June, but as I said in my statement, things like putting up new translator stations, distributing transmission systems are time consuming and costly. So this is one of those problems that, again, because of the lack of coordination didn't come to everybody's visibility soon enough.

Mr. DINGELL. So lack of coordination between who? FCC, NTIA?

Mr. COPPS. No. I think the lack of, the lack for the last few years of a really coordinated public, private sector partnership where we really had interagency coordination. I was part of the Y2K exercise in the previous Administration, the two previous Administrations ago. I was Assistant Secretary of Commerce, and I knew what a coordinated interagency, public sector, private sector partnership looked like where the leadership was involved, where we were coordinated with the White House, all the agencies were there, and we were contacting business and identifying problems early on and making mid-course corrections and devising solutions. We are trying to invent that kind of process here in the last 2 months that should have been up and running 2 years ago.

Mr. DINGELL. And that is one of the unfortunate things. Mr. Copps, you have indicated that FCC is working with NTIA to develop a list of hot spots to ensure a more targeted consumer approach. How have FCC and NTIA determined these hot spots, and are both of your agencies confident that this approach is success,

and what more has to be done? I will ask you to respond and Ms. Gomez also.

Mr. COPPS. Well, I am hopeful. We are working to identify those hot spots, and there are some 49 of them based on the latest Neilson data on DMA numbers, percentages of over-the-air households, coupon requests, redemption rates, poverty rates, a whole bunch of different criteria to really show us where the most vulnerable areas are and where we need to be devoting the limited resources that we are capable of deploying for this.

Mr. DINGELL. So the answer is you don't really have the resources you need to identify these areas.

Mr. COPPS. Well, we are identifying them. We will have hopefully additional resources. Again, not enough that I am going to sit here and guarantee that everything is going to go assumingly well.

Mr. DINGELL. Ms. Gomez, do you have adequate resources, and are you in any better shape than Mr. Copps, the FCC, are in to address this problem?

Ms. GOMEZ. I can say that we are working very hard to address the problem, and we are very grateful for the ability to work with the FCC.

Mr. DINGELL. So your answer is you have not solved the problem. Do you have the resources you need to address it in the time that you confront between now and the 12th of June?

Ms. GOMEZ. I do think we have the resources, particularly with the resources that we got from the Recovery Act from the Congress.

Mr. DINGELL. I have used 2 minutes and 44 seconds more than my time, Mr. Chairman. I apologize to you and the members of the committee.

Mr. BOUCHER. Thank you very much, Mr. Chairman. Your questioning has enlightened all of us, and the time was certainly well spent.

The gentleman from Michigan, Mr. Upton, is recognized for 7 minutes.

Mr. UPTON. Thank you, Mr. Chairman, and I am not going to use all my time because we have been notified we are going to have a series of votes on the floor momentarily. So I do want to—just a couple things.

First, I guess some of us won't be here for the second panel. I want to praise particularly in Michigan, all of our folks, the NAB and others, they did really a terrific job in getting the word out. They actually did polling in Michigan, and I want to say something like 95 percent of the folks knew that they had to make some change, and I will make a little joke at the expense of my guy here, Joe Barton. Joe Barton was so convinced. He has cable now. This is a new thing for him, but even Joe was asking about how to get a cable box and hope Mr. Copps, he might be able to go help him hook it up, and I assured him that that was really not the case and not needed.

But in all kidding aside, the industry and the cable folks just did a marvelous job, and our broadcasters and particularly I did a number of things with my local broadcasters in Kalamazoo and South Bend, two markets that cover our district in southwest Michigan, and with our retailers, and looked at a number of different folks, and it worked without a hitch. And some of them have



changed, and of course, when I worked with Mr. Markey and Mr. Boucher as well, and obviously Mr. Barton and Mr. Dingell as we crafted this legislation a number of years ago, this was the number one recommendation by the 9/11 Commission. Get it done, because if we have something else happen, this is the number on thing to make sure that our citizens were, are protected in the future.

And they trashed, frankly, the 9/11 Commission trashed the Congress 2 or 3 years ago when they didn't think we had moved fast enough, and of course, that was one of the reasons that a number of us objected to the delay because the word was out. And a number of us coauthored, Mr. Stearns was a big part of that, too, legislation that was introduced at the end of, I think in the last session as well as the beginning of this session, legislation that would actually provide the accounting fix to allow the coupons still to go out, but we just wouldn't take it down from the spending until they were actually redeemed rather than when they were mailed out. Of course, you have a number of coupons that were never used, and you have got a number of them that are still laying in someone's desk, in their desk drawer for maybe weeks to come until they go to Sears or Best Buy, wherever they have to go.

But my question is this, and before I yield back, it is fairly clear when you look at the numbers that we are going to have a number of coupons, A, never redeemed, the \$650 million that was in the stimulus package, I think the number was about what, four million homes not being serviced as of March 1 in terms of over-the-air. Is that right, Ms.—so if you—and yet we provided enough money in the stimulus for 12 million coupons, so if you have got four million unredeemed homes, and they each get two coupons, and they really need them unlike Joe Barton, you are going to have hundreds of millions of dollars that is never going to be, need to be spent? Right?

So what happens to that money in June? What happens to the money that is not used because we have done too many of these coupons or they are never redeemed?

Ms. GOMEZ. Well, at the end of the program any money that is left over will be de-obligated. It will be returned to the Treasury.

Mr. UPTON. And will that be—and when will that decision be made? Because, of course, the transition date is June 12. So let us say someone says, oh, it might finally be time. We will use Mr. Shimkus's example. April 15 with taxes, June 12, so maybe they call that 800 number or get online or figure out how to do it. Maybe they go June 5, they get the coupon, so it is really good until August or September. Right? At what point do you actually say enough is enough?

Ms. GOMEZ. Yes. Under the law we were able to extend the date or the law extended the date for folks to apply for coupons to July 31. So if you take into account processing—

Mr. UPTON. That will take you to the end of the fiscal year. So—

Ms. GOMEZ. Further beyond that I would think.

Mr. UPTON. Yes. So what—so the un-obligated balance, what happens to that? At what point do you say, Treasury, here is your money back? I hope you say that.

Ms. GOMEZ. I don't know if there is a specific deadline for that. I am sorry. I would have to go back and make sure I checked that.

Mr. UPTON. Mr. Copps, do you know? Do you all weigh in on that decision at all or not? Are you completely out of that? With the money.

Mr. COPPS. No. I don't know. Technically it would go back, I would assume, if we are going to go out of the coupon granting business, and you give it the time to get those redeemed, and at that time the money is left over, it goes back. I would hope that would be before the end of the fiscal year, but I can't tell you.

Mr. UPTON. And Ms. Gomez, what happens to the—if you have got, you know, millions of coupons that perhaps don't actually get delivered, is there still a fee that I guess in this case, what, IBM would collect? I mean, is there still a processing fee that is paid out to the private sector for those or not?

Ms. GOMEZ. You know, that is a good question, and I am sorry. I am going to have to get back to you on that one because I am not sure how exactly under the contract the—what—how exactly those fees are—

Mr. UPTON. I know the votes are starting. I will yield back my time. Thank you. Thank you both.

Mr. BOUCHER. Thank you very much, Mr. Upton. We have votes now pending on the floor but I think time for one more member to ask questions, and I am pleased to recognize the gentlelady from Florida, Ms. Castor, for 5 minutes.

Ms. CASTOR. Thank you, Mr. Chairman. Would you all address the status of the call centers? Are you finding that the call centers have adequate capacity to handle current volumes of calls? Do we have enough bilingual operators? What are the wait times that callers can expect, and then what plans do you have in place to handle the surge in calls on and after the transition date?

Mr. COPPS. Well, we are in the process of getting ready to put out a request for proposal for our call centers to nutrice the FCC call center. That is already existent. There were some problems with that. We are working mightily to correct those, I think most of them, and did a fine job. I was up in Gettysburg, Pennsylvania, where our call center is located a couple of weeks ago, and the agents up there were saying we really would like to have more training. So now we have an opportunity to do more training and give them a level of technical proficiency and responsiveness that they presently don't have. So we are going to be working on that.

With regard to the bilingual, no, we don't have enough. I think you can make the case, and my friend Colin McSlarough in the cable industry has observed that only 2 percent of Hispanics lived in areas that have completed transitioned already, but 13 percent of the calls that came in were from Spanish-speaking people. So I think if we play this out a little bit, you are going to see that we are going to have to have the ability to do much better with regard to that.

I want to make one other response on the call center thing, though, too, because lots of folks are saying, well, you didn't get all those calls. I would also note that we have had 14½ million hits on our Internet site, and you know, we all got to kind of acclimate ourselves to the new world we live in, but I suspect perhaps a per-

centage of those people who might otherwise have taken to the telephones have gone on the Internet. We are trying to put better tools and help up there to inform them, and I think that is something we need to take into our calculation as we go forward, too, but we are cognizant of the limitations we had on the program, and we are dedicated to trying to make it better. Industry was a huge help in the period leading up to February 17. They continue and will continue their call center operations until the middle of April, and then we will have to adjust after that and make sure that we can handle everything through the other resources that exist.

Ms. CASTOR. Thank you, and I will yield back.

Mr. BOUCHER. Thank you very much, Ms. Castor.

Mr. Weiner, actually, Mr. Radanovich has joined us from California, and he would be next in the order. We have bills pending on the floor. It would be nice if we could excuse this panel without having to come back. After the gentleman perhaps asks 2 minutes worth of questions and—

Mr. RADANOVICH. I got one question to ask. That will be great. Thanks. Thank you, Mr. Chairman. I appreciate it and thank you for being here.

Assistant Secretary Gomez, the Delay Act allows the NTIA to issue downloadable coupons. My understanding, however, is that both the NTIA and retailers have previously expressed fraud and implementation problems with downloadable coupons. Are you still considering using downloadable coupons?

Ms. GOMEZ. No. We have decided not to issue downloadable coupons. It is my belief that a year ago downloadable coupons would have been a really good idea.

Mr. RADANOVICH. Uh-huh.

Ms. GOMEZ. Unfortunately, with the short amount of time that we have left and the population that we have left to reach, it was our feeling both for purposes of trying to develop something that would withstand waste, fraud, and abuse issues, as well as something that would be usable, it would probably be a little too late by the time we got the systems up and running.

Mr. RADANOVICH. OK. All right. Thank you very much. Thank you, Mr. Chairman.

Mr. BOUCHER. Thank you very much, Mr. Radanovich.

Mr. Weiner from New York.

Mr. WEINER. Thank you. I will be brief. First of all, I signed up for a coupon several weeks ago, and it hasn't arrived, so I don't know. Maybe you can look it up. It is you know, Askan Avenue, Forest Hills, New York.

Mr. Copps, is there any way of telling whether we are going to have wide-scale problems in large urban areas where there is all kinds of different topography that is guided by tall buildings, sometimes parks, sometimes communities, suburban communities where sometimes the broadcast signal has to pass through a city to get to the suburbs? Do we have any good, I mean, I know there have been a couple of times I have read that there have been tests they flipped off in the middle of the night just to see how it works.

Do we have any sense whether that is going to be a problem?

Mr. COPPS. I have that sense, I guess it would be largely anecdotal from traveling around, that there are, indeed, going to be

problems. Everywhere I go I run into people who are experiencing such problems already. So there is no question in my mind but that they exist, and we are going to have to deal with them. Again, I think that we were remiss in not getting those kind of studies done and on the shelf long before we got into these waning months of the transition.

And those large urban areas also worry me, not just because of the technical limitations of the—and the propagation characteristics of the digital signal, but because there are so many low-income people there, and there are so many people for whom English is not the primary language, and they are more difficult to reach, and there are seniors there and minorities there.

So that is where a tremendous part of our outreach——

Mr. WEINER. But even if it is running well, even if the system runs well, even if it gets there, I mean, do we have a good sense in a city like New York, for example, where a lot of people already have their antennas and they are hooked up. Do we have a sense whether the signal is reaching them? I mean, to some degree we are going to have a problem and some people are going to fear that they just hooked it up wrong, it is going to be a problem like on that level. But do we have a sense that the technology is going to reach these people?

Mr. COPPS. I think in most cases if you have done everything right with the computer, with the converter boxes and the antenna and all the rest, you are going to be all right, but it is not going to be ubiquitous, and there are going to be those people calling your office and my office who say, hey, I listened to you. I got the box, I got the antenna, I know I am aimed in the right direction, and I am still not getting the signal. What are you going to do about it?

Mr. WEINER. Well, I appreciate it.

Mr. COPPS. I hear that wherever I go.

Mr. WEINER. Thank you, and in knowing how government bureaucracy sometimes engages in overkill, I just need one, I don't need seven people showing up at my house. I don't need 200 of them showing, just that one will be great.

Mr. BOUCHER. Thank you very much, Mr. Weiner.

I am going to ask unanimous consent that NTIA's weekly converter boxes coupon program status update be placed in the record. Without objection, so ordered.

Thanks to this panel. You have done an excellent job. Your testimony this morning has also been very enlightening. We appreciate you joining us. We have seven votes pending on the floor, and that means the next panel will take up when we can return.

So until that point probably 45 minutes to an hour from now, this subcommittee stands in recess.

[Recess].

Mr. BOUCHER. The subcommittee will reconvene. My apologies for the lateness of the time here.

We now welcome our second panel for the afternoon. Mr. Mark Lloyd is Vice President of Strategic Initiatives for the Leadership Conference on Civil Rights, Mr. Peter Morrill is the General Manager of Idaho Public Television, Mr. Robert Prather Jr. is the President of Gray Television, Mr. Gary Severson is Senior Vice Presi-

dent and General Manager of Entertainment for the Wal-Mart Stores, Mr. Gary Shapiro is President and Chief Executive Officer of the Consumer Electronics Association, and Mr. Christopher Wood is Vice President, Senior Legal Counsel, and DTV Compliance Officer for Univision Communications. We welcome each of our witnesses and without objection your prepared written statement will be made a part of the record. We would welcome now your oral presentations and ask that you keep those to approximately 5 minutes.

And Mr. Wood, we will be pleased to begin with you.

**STATEMENT OF CHRISTOPHER WOOD, VICE PRESIDENT, SENIOR LEGAL COUNSEL, AND DTV COMPLIANCE OFFICER, UNIVISION COMMUNICATIONS INC.; GARY SEVERSON, SENIOR VICE PRESIDENT, GENERAL MANAGER, ENTERTAINMENT, WAL-MART STORES; GARY SHAPIRO, PRESIDENT AND CEO, CONSUMER ELECTRONICS ASSOCIATION; PETER MORRILL, GENERAL MANAGER, IDAHO PUBLIC TELEVISION; MARK LLOYD, VICE PRESIDENT, STRATEGIC INITIATIVES, LEADERSHIP CONFERENCE ON CIVIL RIGHTS; AND ROBERT S. PRATHER JR., PRESIDENT, GRAY TELEVISION, INC.**

**STATEMENT OF CHRISTOPHER WOOD**

Mr. WOOD. Chairman Boucher, Ranking Member Stearns and members of the subcommittee, my name is Chris Wood, and I am Vice President and Senior Legal Counsel of Univision Communications where I have responsibility for DTV compliance matters. I appreciate very much the opportunity to speak with you this afternoon about our efforts to ensure that the Hispanic community is prepared for the digital transition, together with our public and private partners.

Univision is the country's leading Spanish language media company. Our assets include the Univision Network, the TeleFutura Broadcast Network, which provide an array of news, information, sports, and entertainment programming. We also own and operate more than three dozen full-powered television stations, which will be making the transition to digital television.

But Univision is more than just a broadcasting company. Our stations and our networks are integral parts of the community and the culture of U.S. Hispanic households. Spanish language viewers depend on Univision or Univision for not just sports and entertainment programming but also as an essential and reliable source of news, weather, and emergency information. And a significant number of the viewers who rely on Univision also rely exclusively on over-the-air television.

So the impact of the digital transition is particularly important to our company. When our CEO, Joe Uva, testified before this subcommittee in October of 2007, he told you that Univision was committed to being an industry leader in educating and information viewers about the upcoming digital transition. That month Univision launched Una Nueva Aira Ava de Vial, our campaign to prepare Hispanics and Spanish-speaking television viewers for the digital transition.

That was 6 months before the FCC required any broadcaster to undertake DTV educational initiatives. Since launching that campaign Univision has created and broadcast four half-hour DTV specials. We have included DTV educational messages in our most popular programming. We have covered transition issues in our national and local news and public affairs programs, and we have aired well over 100,000 DTV educational PSAs, featuring members of Congress and Univision personalities.

Univision also hosts a Spanish-language DTV transition Web site that has received over seven million page views. Univision has used its strong ties to the local Hispanic communities and its markets to launch a grass root initiative that we call Es Quadron de Hital, or digital squads, in which our stations have reached out directly to their communities through local activities. Altogether Univision has sponsored more than 250 community events in its markets.

For example, we have hosted 25 town hall meetings that have been attended by thousands of viewers. We have also supported events hosted by members of Congress in their own districts. We have organized and funded phone banks. We have participated in 48 soft analog tests to help our analog viewers determine whether they are prepared for DTV.

Univision was fully prepared to complete the DTV transition on the original cutoff date of February 17. Now that the transition has been extended to June 12, we realize that more remains to be done in the community. Many Hispanic households have yet to achieve an acceptable state of DTV readiness. Although Neilson reports that Hispanic households are less prepared for the digital transition than the general population, it is also clear that our outreach efforts are working and that the preparedness gap between Hispanic households and households at large has diminished significantly over the past 3 months.

So mindful of our unique connection to the Hispanic community, Univision will focus now on continuing educational and informational efforts on the steps viewers need to take in order to be fully prepared to receive digital signals by the June 12 transition date. We are working as we speak today to implement the expanded DTV consumer education requirements now required by the FCC.

I would like to acknowledge the leadership and the guidance of Chairman Boucher and Ranking Member Stearns and, of course, their staffs. Your support is critical to enabling us to ensure that all viewers, especially the Hispanic viewers who depend on our service to their communities, are prepared for the transition.

Mr. Chairman, I appreciate the opportunity to discuss our efforts, and I would be glad to answer any questions you may have.

[The prepared statement of Mr. Woods follows:]

**Written Testimony of Christopher G. Wood  
Vice President and Senior Legal Counsel  
Univision Communications Inc.**

**Before the  
Subcommittee on Communications, Technology and the Internet  
of the  
Committee on Energy and Commerce  
United States House of Representatives**

**“Issues Relating to The Digital Television Transition”**

**March 26, 2009**

Chairman Boucher, Ranking Member Stearns, and Members of the Subcommittee, my name is Chris Wood and I am Vice President and Senior Legal Counsel of Univision Communications, with responsibility for DTV compliance matters. The focus of my testimony today is the ongoing efforts of Univision and our public and private partners to ensure that our viewers are prepared for the digital television transition. I appreciate the opportunity to speak with you today about this important undertaking.

Univision is the country’s leading Spanish-language media company. Our businesses include the Univision and TeleFutura broadcast television networks, which provide a wide variety of Spanish-language news and information, sports, and entertainment programming. We also own and operate more than three dozen full-power television stations throughout the United States, including Puerto Rico.

But Univision is more than just a broadcasting company. Our stations and networks are integral parts of the community and culture of U.S. Hispanic households. Spanish-language viewers depend on Univision not just for sports and entertainment programming, but also as an essential and reliable source of news, weather and emergency information. And a

significant number of the viewers who rely on Univision also rely exclusively on over-the-air television.

Precisely because the impact of the digital transition is of particular concern to us, Joe Uva, our Chief Executive Officer, told you when he testified before this Subcommittee on October 31, 2007, that Univision was committed to being an industry leader in educating and informing viewers about the coming digital transition.

That very month -- nearly a year-and-a-half before the original DTV transition date and six months before broadcasters were required to undertake any DTV educational initiatives -- Univision launched "Una Nueva Era: TV Digital," our campaign to prepare Hispanics and Spanish-speaking television viewers for the digital transition. "Una Nueva Era" was the first comprehensive, multi-platform DTV educational campaign undertaken by any broadcaster. In fact, I'm pleased to note that, in its 2008 "Service to America" Awards, the National Association of Broadcasters presented Univision with its President's Special Award for our DTV education efforts.

Since launching the campaign --

- Univision has created and broadcast four 30-minute DTV information specials. Hosted by our popular network personalities, these programs have helped viewers determine if their sets contain a digital tuner and, if not, have showed them how to apply for converter box coupons and select and purchase a converter box.
- We have provided additional recurring short-form DTV educational segments in several of our most popular network entertainment and sports programs, and in highly-rated specials such as the Latin GRAMMYs.<sup>®</sup>
- We have covered transition issues in our national and local news and public affairs programs.
- We have aired well over 100,000 DTV educational PSAs.



Univision also hosts a Spanish-language DTV transition website that through December 31, 2008, had received more than 6.6 million page views. In addition to step-by-step guidance on the transition, including information about coupons, converter box features, antennas and channel rescanning, the website provides links to the government agencies that offer additional information in Spanish.

Univision also has used our strong ties to the local Hispanic communities in our markets to launch a grassroots initiative called "Escuadron Digital," or "Digital Squad," in which Univision stations have been reaching out directly to their communities through local activities and events. Altogether, Univision has sponsored a total of 250 community events related to the DTV transition process. For example,

- In partnership with the FCC, NTIA, NAB, Consumer Reports and others, Univision stations have hosted 25 local "town hall" meetings on the DTV transition attended by thousands of viewers in a dozen major Hispanic television markets.
- Univision has organized and funded phone banks in order to provide additional Spanish-language support to the FCC and NTIA toll-free numbers in Dallas, San Antonio, Los Angeles, New York and Phoenix.
- Univision has participated in 48 soft analog tests to help viewers determine DTV readiness in television markets in Texas, Arizona, California, Florida, New York, Pennsylvania, North Carolina, Georgia, Illinois and Puerto Rico.

In order to provide a more comprehensive description of Univision's DTV education efforts over the last 18 months, I have attached to this testimony (as Attachments A - D, respectively) copies of each of the quarterly DTV.gov Transition Partner reports we have submitted to the FCC pursuant to the FCC's Report and Order, *DTV Consumer Education Initiative*, FCC 08-56 (released March 3, 2008).

Throughout these efforts, Univision has collaborated not only with government agencies but also with national and local community organizations. We are proud to be working

closely with the FCC and NTIA as a DTV.gov “Transition Partner.” In addition to the NAB, we have collaborated with leading Hispanic-serving organizations, including the Hispanic Technology & Telecommunications Partnership; the National Council of La Raza; the National Hispanic Council On Aging; and the National Association of Latino Elected and Appointed Officials.

Univision was fully prepared to complete the DTV transition on the original cut-off date of February 17, 2009. Yet, now that the transition has been extended until June 12, we also recognize that more remains to be done. Many Hispanic households have yet to achieve an acceptable state of DTV readiness. But, although Nielsen reports that Hispanic households are less prepared for the digital transition than the general population, it also is clear that our outreach efforts are working. The 4.7 percent disparity in preparedness between Hispanic households and households at large measured in December 2008 had narrowed to 2.5 percent by mid-March.

So, mindful of our unique connection to the Hispanic community, Univision will focus our continuing educational and information efforts on the steps viewers need to take in order to ensure they are fully prepared to view over-the-air digital signals by the new June 12 transition date. We are working as we speak to implement the expanded DTV consumer education requirements recently adopted by the FCC, and we are prepared to start the new 60-day transition “countdown clock” on April 13. Working with the FCC and our other partners, we remain committed to achieving a successful transition for our stations and our viewers by continuing to emphasize the importance of obtaining and installing converter boxes and appropriate antennas and by rescanning the channel lineup.

I would like to acknowledge the leadership and guidance of Chairman Boucher and of Ranking Member Stearns and their staffs. Your support is critical in enabling us to ensure that all viewers -- especially the Hispanic viewers who depend on Univision's service to their communities -- are prepared for the transition.

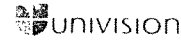
Mr. Chairman, I appreciate the opportunity to discuss Univision's transition efforts and I would be pleased to respond to questions that you and other Members of the Subcommittee may have.

**Attachment A**

**Univision Communications Inc.  
DTV.gov Transition Partners Quarterly Report  
April 10, 2008**

Univision Communications Inc.  
CHRISTOPHER GEORGE WOOD  
Vice President and Senior Legal Counsel

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April 10, 2008

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street SW  
Washington DC 20554

**Re: Univision Communications Inc.  
DTV.gov Transition Partners Quarterly Report  
MB Docket No. 07-148**

Dear Ms. Dortch:

Univision Communications Inc. ("Univision"), as a DTV.gov Transition Partner, is pleased to file this report concerning its efforts to educate the U.S. Hispanic population regarding the transition to digital television ("DTV"). This report is being filed pursuant to Paragraph 50 of the Commission's Report and Order in MB Docket No. 07-148, FCC 08-56, released March 3, 2008. Additionally, Univision is filing reports today on FCC Form 388 for each of its full power television stations.

On October 1, 2007, Univision launched "Una Nueva Era: TV Digital," its campaign to educate Hispanics and Spanish-speaking television viewers in the U.S. and Puerto Rico on the transition from analog to digital broadcasting and prepare them for the full power analog cutoff date. This campaign is vital to Univision's viewers. According to Nielsen, a significant number of Hispanic TV households receive the signals of television stations *only* over-the-air.

Univision believes that "Una Nueva Era," launched six months before broadcasters were required to undertake educational initiatives, was the first comprehensive DTV educational campaign of its magnitude undertaken by any broadcast company. Indeed, the National Association of Broadcasters has announced that it will award Univision the President's Special Award in its 2008 Service to America Awards, for these efforts.

The goals of Univision's educational campaign are to: (1) ensure that U.S. Hispanics, particularly Spanish-language viewers, are ready for DTV; (2) offer general information on DTV and how to receive digital broadcast signals; (3) educate consumers on the NTIA's converter box coupon program and related deadlines; (4) link Hispanics with available resources and services regarding DTV; and (5) fully comply with the new requirements imposed by the FCC.

"Una Nueva Era" is a multi-platform campaign using all of Univision's media assets, including its television networks, television stations, radio stations and web site, all of which will be enhanced by community outreach activities. The campaign is being coordinated with the FCC, NTIA, NAB and community groups such as the Hispanic Technology & Telecommunications Partnership, National Council of La Raza, National Hispanic Council on Aging, and National Association of Latino Elected and Appointed Officials.

As planned, Univision's educational campaign will have three phases: (1) promoting general awareness of the digital transition, (2) promoting awareness of the NTIA converter box coupon program and other ways to prepare for the transition, and (3) publicizing the countdown to the full power analog cutoff date. The major elements of Univision's educational campaign are as follows:

- **Public Service Announcements**

Over the past six months, Univision has produced and aired PSAs to educate viewers regarding the digital transition and NTIA converter box coupon program. These PSAs feature the stars of Univision, TeleFutura and Galavision Network programs such as Fernando Arau, host of the morning program "Despierta America," Charytin, star of "Escandalo TV," Barbara Bermudo and Fernando del Rincon, hosts of the magazine program "Primer Impacto," and Carlos Calderon, star of "Acceso Maximo." As the campaign continues, additional network stars will be added to DTV-related PSAs. Since October 1, 2007, the Univision and TeleFutura Networks have inserted over 700 DTV transition PSAs into their network programming, in addition to the PSAs aired locally by affiliated stations.

In addition, a number of Univision's television stations have produced and aired their own DTV educational PSAs featuring local news anchors and reporters, including our stations in the Atlanta, Dallas, Houston, Miami, Phoenix, Raleigh and Tucson markets. In addition, our Fresno market stations are airing 10 second station IDs featuring local news anchors that highlight the DTV transition and converter box coupon program. Univision estimates that, since October 1, 2007, its own stations have aired over 17,000 PSAs regarding the digital transition.

A number of Univision's radio stations have also produced local PSAs regarding the digital transition and addressed issues regarding the transition in

their news and public affairs programming. Keyla Hernandez-Ulloa of the FCC has been a guest on our radio stations in New York and Miami.

- **Crawls, Snipes Or Tickers ("CSTs")**

The Univision and TeleFutura Networks have both informed their affiliates that they will be adding an average of at least 16 DTV-related CSTs per week within network programming, in order to assist them in complying with the FCC's new DTV education requirements. Several of our stations have inserted their own CSTs on the local level.

#### **Quarterly Television Specials**

The Univision Network, in partnership with its station group, has already created and aired two separate 30 minute educational programs regarding the digital transition:

The Univision Network aired a half hour special, entitled "TV Digital... ¿Que Tal?" ("Digital TV...What Is It?"), on December 1, 2007 at 4:30 pm ET/PT, again on December 9, 2007 at 12:30 am ET/PT, and again on February 2, 2008, at 11:00 am ET/PT. The program explained in easy to understand terminology the differences between analog and digital broadcasting and detailed the government's coupon program for the purchase of digital-to-analog converter boxes. The special was hosted by Univision Network personalities and featured Carmen Scanlon of the FCC and Carlos Gutierrez, the U.S. Secretary of Commerce. The TeleFutura Network is scheduled to air the same special later this month.

The Univision Network also aired another half hour special, entitled "TV Digital... ¿Cuanto Sabes?" ("Digital TV... How Much Do You Know?"), on March 22, 2008, at 4:30 pm ET/PT and again on March 30, 2008 at 1:30 am ET/PT. The special, hosted by and featuring various Univision Network personalities, again reviewed the difference between analog and digital broadcasting, highlighted the benefits of digital broadcasting, explained the importance of applying for a digital-to-analog converter box coupon and demonstrated, step-by-step, how to properly install a converter box. In this special, Cristina Saralegui, host of Univision's popular talk show "Cristina," interviewed Alex Nogales, president of the National Hispanic Media Coalition, who discussed the importance of the digital conversion and the viewers who will be affected by this change.

We understand that this second special generated some 35,000 phone calls to the NTIA's informational hotline after it aired on March 22, almost five times the previous weekend average of 7,600 calls. It also generated some 10,000 unique browsers to Univision.com's DTV web page, compared to 2,000 unique browsers the Friday before the telecast.

### **Local And National News Segments And Public Affairs Programming**

Univision has addressed the DTV transition in both national and local newscasts and public affairs programs. The Univision Network's public affairs program "Al Punto" has highlighted the transition in several broadcasts, including an interview with U.S. Secretary of Commerce Carlos Gutierrez on January 13, 2008. The Univision Television Group provides its stations with a regular weekly segment on the digital television transition for their local newscasts, entitled "Viernes Digital" ("Digital Fridays"). Past segments of "Viernes Digital" have featured interviews with government officials and representatives from the FCC, NTIA and NAB. In addition, Univision's stations have produced local segments for their own news and public affairs programs on the digital transition. For example, one of our Dallas stations airs a regular segment on the transition in its public affairs program "Via 23" each Saturday morning. One of our Fresno stations has on several occasions devoted its entire 30 minute public affairs program to information about the digital transition.

### **In-Program Education**

The Univision Network's morning program, "Despierta America," has highlighted the digital transition in a number of segments, including coverage of the NTIA press conference in February of 2008 and an interview with U.S. Secretary of Commerce Carlos Gutierrez this month. Its afternoon magazine program, "Primer Impacto," has also aired a number of segments highlighting the digital transition, including coverage of an NTIA press conference in February. We plan to continue these programming efforts.

- **Designated Web Page on Univision On-line**

The Univision Communications consumer web site contains a section devoted to the transition to digital television ([www.Univision.com](http://www.Univision.com)/key word "TV digital"). That section includes information in Spanish explaining what digital television is and its benefits, the reasons for the transition, the analog cutoff date, ways to prepare for the post-analog era, information about antennas, the NTIA converter coupon program, a link to apply for the coupons, and instructions on how to connect converters to television sets. This section of the Univision web site also includes videos of Univision on-air personalities discussing aspects of the transition, Univision's PSAs regarding the educational campaign, news stories on the transition, and segments from Univision's specials.



- **Publicizing FCC and NTIA Toll-Free Numbers**

Univision's PSAs and program segments have publicized the FCC and NTIA toll free numbers for additional information regarding the transition to DTV and the NTIA coupon program.

- **Town Hall Meetings**

On December 8<sup>th</sup>, 2007, Univision's stations in the Chicago market, WGBO and WXFT, sponsored a local town hall meeting on the digital transition at the Little Village High School in Southwest Chicago. The stations worked with the FCC and NAB in preparing for this meeting, which featured representatives of the NAB and a local cable operator. The event attracted more than 700 people, more than the capacity of the auditorium in which it was held. At the meeting, the stations distributed materials regarding the DTV transition from the FCC, NTIA and NAB. The stations both aired portions of the town hall meeting in one hour specials. A number of other Univision stations are now planning similar events. Stations in at least two of our markets have scheduled town hall meetings regarding the digital transition for later this month.

- **Public Forums**

On October 2, 2007, Univision CEO Joe Uva participated in a panel with FCC Chairman Kevin Martin and NAB Executive Vice President, Television, Marcellus Alexander sponsored by the Congressional Hispanic Caucus Institute. Mr. Uva discussed Univision's DTV awareness campaign and the company's commitment to informing and educating its viewers about the transition. On October 31, 2007, Mr. Uva testified before the U.S House of Representatives' Committee on Energy and Commerce regarding Univision's educational campaign.

On March 4, 2008, Diana Diaz, Univision's Director of Corporate and Community Relations, participated in a roundtable discussion co-sponsored by the NAB and Entertainment Industries Council, entitled "Picture This: DTV and the Faces of Transition," concerning the industry's role in educating the public about the transition to DTV.

Univision's local managers have also spoken publicly regarding the digital transition. For example, the community Affairs Director for Univision's stations in the Dallas market made a presentation regarding the transition to the stations' advisory council, a group of 40 local community leaders, at a luncheon on December 13<sup>th</sup>, 2007. The General Manager and Chief Engineer of our Philadelphia market stations met with local community leaders to educate them about the digital transition on January 29, 2008; and with the Asociación Puertorriqueños en Marcha to answer questions about the transition from the community on March 25, 2008. On March 6, 2008, the General Manager from

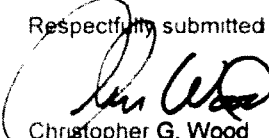
Univision's Phoenix stations spoke about the transition with Councilman Tom Simplot of the Phoenix City Council, who also serves as a member of the FCC's Intergovernmental Advisory Committee. The General Manager of Univision's stations in the Austin market participated in a discussion on the transition at a luncheon sponsored by the American Women in Radio and Television on March 12th, 2008. These efforts will continue over the next quarter.

- **Community Events**

Univision's television stations will also utilize local community events to publicize the transition to digital television and related issues to Hispanics. For example, Univision's television stations in the New York market distributed educational flyers regarding the digital transition from their booth at a career fair sponsored by the Hispanic Association for Career Advancement on March 12, 2008 and at the International Radio & Television Society Minority Workshop for college students on March 31, 2008. Our Phoenix market stations distributed information regarding the digital transition during a Feria del Libro (book fair) held in partnership with the Phoenix Mexican Consulate on March 15 at the Consulate offices in Phoenix.

Univision recognizes its responsibility in educating viewers on important issues that could impact them. We remain strongly committed to informing, empowering and motivating our audiences to take the necessary steps to navigate the transition to digital television. We plan to continue with the same level of effort over the next quarter, working in coordination with the FCC, NTIA, NAB and community groups, to help complete the transition to digital television.

Respectfully submitted



Christopher G. Wood  
Vice President and  
Senior Legal Counsel

cc Cathy Seidel  
Pam Slipakoff  
Monica Desai  
Lyle Elder  
Eloise Gore  
Mary Beth Murphy

**Attachment B**

**Univision Communications Inc.  
DTV.gov Transition Partners Quarterly Report  
July 10, 2008**

Univision Communications Inc.  


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**CHRISTOPHER GEORGE WOOD**  
 Vice President and Senior Legal Counsel  
  
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July 10, 2008

Ms. Marlene H. Dortch, Secretary  
 Federal Communications Commission  
 445 12<sup>th</sup> Street SW  
 Washington, DC 20554

**Re: Univision Communications Inc.**  
**DTV.gov Transition Partners Quarterly Report**  
**MB Docket No. 07-148**

Dear Ms. Dortch:

Univision Communications Inc. ("Univision"), as a DTV gov Transition Partner, is pleased to file this second quarterly report concerning its efforts to educate the U.S. Hispanic population regarding the transition from analog to digital television ("DTV"). This report is being filed pursuant to Paragraph 50 of the Commission's Report and Order in MB Docket No. 07-148, FCC 08-56, released March 3, 2008. Univision's operations include the Univision Television Group, which owns and operates 63 television stations; the Univision and TeleFutura broadcast networks; the Galavision cable network; Univision Radio and Univision Online.

Over nine months ago, Univision launched *Una Nueva Era: TV Digital*, its campaign to educate Hispanics in the U.S. and Puerto Rico on the DTV transition and the termination date for full power, analog television broadcasting. *Una Nueva Era* is a multi-platform campaign using all of Univision's media assets, enhanced by local community outreach activities. This campaign has been coordinated with the FCC, NTIA, NAB and community groups such as the Hispanic Technology & Telecommunications Partnership, National Council of La Raza, National Hispanic Council on Aging, and National Association of Latino Elected and Appointed Officials.

I am pleased to report that on June 9<sup>th</sup>, the NAB's Education Foundation honored Univision with the President's Special Award in its Service to America Awards ceremony in Washington, D.C., in recognition of Univision's DTV educational campaign. In accepting this award, the Chief Executive Officer of Univision, Joe Uva, explained that:

Univision is the champion of Hispanic America. As such, we recognize that it is key to inform and motivate our viewers to take action on DTV as early as possible. That is why we became the first media company to launch a comprehensive national public service campaign designed to educate and prepare our audiences for the transition.

On the following day, at a hearing held by the House Subcommittee on Telecommunications and the Internet on the Status of the DTV Transition, Congresswoman Jane Harman said of Univision:

[I]t's impressive to me that they're making these efforts. Perhaps others are too. But, there is something to celebrate in the private sector in connection with the transition.<sup>1</sup>

Even more satisfying than these accolades, however, are the results of a recent poll conducted by the research firm Smith-Geiger for the NAB. According to this study, **91% of Hispanic households** that receive television signals over the air are now aware of the DTV transition. 69% of the respondents who were aware of the transition reported that they learned about it from messages on television. These results are in sharp contrast to those of a similar study conducted in September of 2007, before Univision began its campaign, which reportedly found that **only 31%** of Hispanic households that received television signals over the air were then aware of the transition.<sup>2</sup>

Univision is pleased with the success of its efforts to date, but now that these efforts have established general awareness, the next step will be to ensure that our audience *takes action*. Last month, Univision announced the newest phase of its DTV educational campaign, a grassroots and on-air initiative under the banner *Escuadron Digital*, or "Digital Squad." As part of this initiative, Univision stations are reaching out directly to their communities through DTV Town Hall meetings, other local events, and DTV street teams.

In partnership with the FCC, NTIA, NAB and others, Univision stations have held local Town Hall meetings concerning the DTV transition in ten markets: New York, Chicago, San Francisco, Houston, Dallas, Philadelphia, Phoenix, Sacramento, Fresno and Bakersfield. Thousands of individuals attended these events. In fact, our recent Town Hall in Fresno drew more than 1,200 attendees and one in Philadelphia attracted more than 3,000 people.

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<sup>1</sup> Taken from unofficial transcript

<sup>2</sup> See John Eggerton, "Study: 91% of Hispanics Aware of DTV Transition," *Broadcasting and Cable*, June 24, 2008.

Univision has supplemented these Town Halls with a number of other local outreach efforts. In Houston, for example, our local team also provided DTV information and assistance at events at Mason Park, Wesley Community Center, Miller Outdoor Theater, George R. Brown Convention Center and the Bethany Christian Church. In Fresno, our *Escuadron Digital* provided DTV information at events at the Fulton Mall, in Huron, in the City of Parlier and at the local Mexican Consulate offices. In Atlanta, our local *Escuadron* offered assistance and information at the Plaza Fiesta mall, where the FCC also staffed a booth. In Miami, our *Escuadron Digital* has been demonstrating converter boxes and giving out coupon materials locally. Some of these activities, including demonstrations of how to connect a converter box, are also being shown on our local news.

On the national level, Univision has created a Digital Squad made up of network personalities Carlos Calderon, the host of the Galavision cable network's *Acceso Maximo*; Tony Dandrades, from the Univision Network's news magazine *Primer Impacto*, and Liliana Rodriguez Luciano from the TeleFutura Network's *Escandalo TV*. The national squad will be highlighted in 30 second vignettes and its "missions" will be shown on an upcoming network special and on Univision.com's "TV Digital" webpage.

Furthermore, Univision personnel continue to educate the public about the DTV transition through speaking engagements. For example, Felicitas Cadena, Community Affairs Coordinator for our Dallas area stations, spoke about the transition at her stations' literacy event, *Leer Es Crecer*, and at a meeting of Dallas-Ft. Worth Hispanic leaders. Steve Hess, the Chief Engineer of our Tampa area station, spoke at a local NAB forum. Grace Olivares, our Houston area Community Affairs director, spoke about the DTV transition on a local radio program with Congressman Gene Green. Steve Stuck, the General Manager of our Sacramento area stations, testified about Univision's efforts to educate viewers about the transition at an informational hearing before the California State Assembly Committee on Arts, Entertainment, Sports, Tourism and Internet Media.

A number of Univision's local outreach activities have been targeted to the senior community. Ramon Pineda, the General Manager of Univision's New York area television stations, conducted a presentation for senior citizens at the Berkeley Heights Senior Group. In Los Angeles, our local *Escuadron Digital* provided information and assistance to three senior care centers. Richard Pepper, our Chief Engineer in the Boston area, spoke at an NAB forum at the Northborough, Massachusetts Senior Center. Personnel from our Philadelphia station spoke to seniors on June 16<sup>th</sup> at the monthly meeting of the National Association for Hispanic Elderly. In Bakersfield, Maria Hernandez, our Community Director, participated in a Senior's Fair and distributed information and resources concerning DTV to 200 people.

Univision stations also continue to inform their communities about the transition and related issues in their newscasts and public affairs programming. For example, in Atlanta, on June 1<sup>st</sup>, our community affairs program *Nuestra Georgia* devoted its entire 30 minutes to discussion of the DTV transition and featured Jennifer Elena from the FCC. In San Francisco, on April 4<sup>th</sup>, the half hour morning program *Al Despertar* featured our stations' engineers, Operations Director and Community Affairs Manager discussing the transition and actions needed to prepare. In Miami, our public affairs program *Ahora en Nuestra Comunidad* has featured Keyla Hernandez Ulloa of the FCC discussing the DTV transition. In Los Angeles, our morning newscast *Primera Edicion* has broadcast live on several occasions from locations where our local street team is offering viewers DTV information and assistance.

DTV educational PSAs continue to play an important role in our campaign as well, on both the network and local station level. Univision estimates that, since the start of its campaign, its O&O television stations have aired more than 40,000 PSAs regarding the DTV transition. And, this figure does not include the Univision and TeleFutura Network PSAs aired by other companies' affiliated stations across the country.

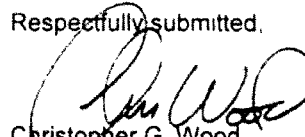
In addition, our Orlando area station, WOTF, joined 11 other stations in that DMA to conduct a 60 second DTV test on June 25<sup>th</sup>, as part of a coordinated effort to publicize the transition. The stations temporarily discontinued their analog signal to allow viewers to determine if their sets were DTV-ready. Viewers whose sets were analog-only saw a black screen for ten seconds during the test, with a number to call for more information.

Finally, Univision's web site contains a microsite dedicated to the DTV transition. From Univision's home page ([www.univision.com](http://www.univision.com)), the microsite may be accessed by a link titled "Television Digital" or by entering the keyword "TV digital," as publicized in Univision's educational campaign. Since the start of Univision's campaign, this microsite has received *more than 4.1 million page views*.

The "Television Digital" microsite includes information in Spanish explaining the upcoming digital transition, what it is, its benefits, the reasons for the transition, and how to prepare. It also provides visitors with a countdown to the analog cutoff date, how to tell if their TV set is analog or digital, how to apply for a converter box coupon and a link to NTIA's site to do so. In addition, the site offers information and instructions on how to connect converter boxes and a glossary of DTV terminology. Further, there is a section that includes PSAs featuring Univision national talent, who encourage our audience to prepare for this switch and explain how to apply for a coupon. There are also videos of the DTV specials that Univision has aired and links to the government agencies that offer additional information in Spanish.

Univision fully appreciates its role in educating viewers on important issues that impact them, such as the DTV transition. We remain committed to continuing our efforts to help our viewers successfully complete this transition, working with the FCC and others.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Chris Wood", written over the typed name.

Christopher G. Wood  
Vice President and  
Senior Legal Counsel

cc: Cathy Seidel  
Pam Slipakoff  
Monica Desai  
Lyle Elder  
Eloise Gore  
Mary Beth Murphy  
Dana Sherer



**Attachment C**

**Univision Communications Inc.  
DTV.gov Transition Partners Quarterly Report  
October 10, 2008**

Received &amp; Inspected

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OCT 23 2008

Univision Communications Inc.

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Senior Legal Counsel

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October 10, 2008

Ms. Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street SW  
Washington, DC 20554**Re: Univision Communications Inc.  
DTV.gov Transition Partners Quarterly Report  
MB Docket No. 07-148**

Dear Ms. Dortch:

Univision Communications Inc. ("Univision"), as a DTV.gov Transition Partner, is pleased to file this third quarterly report concerning its efforts to educate the U.S. Hispanic population regarding the transition from analog to digital television ("DTV"). Univision began its campaign to educate Hispanics regarding the DTV transition, *Una Nueva Era: TV Digital*, **over a year ago** -- long before any mandatory requirements took effect. This report is being filed pursuant to Paragraph 50 of the Commission's Report and Order in MB Docket No. 07-148, FCC 08-56, released March 3, 2008.

*Una Nueva Era: TV Digital* has been a multi-platform campaign using all of Univision's media assets. Univision's operations include the Univision Television Group, which owns and operates 63 television stations; the Univision and TeleFutura broadcast networks; Univision Radio and Univision Online. This campaign has been coordinated with the FCC, NTIA, NAB and community groups such as the Hispanic Technology & Telecommunications Partnership, National Council of La Raza, National Hispanic Council on Aging, and National Association of Latino Elected and Appointed Officials. We appreciate Commissioner Adelstein's recent observation at a New York DTV town hall meeting that "Univision has been a tremendous partner in our efforts to alert the Hispanic community about the upcoming Digital Transition."

- ***Escuadron Digital* Grassroots Initiatives**

During the most recent calendar quarter, Univision has focused much of its DTV educational efforts on a grassroots initiative under the banner *Escuadron*

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*Digital*, or *Digital Squad*, in which Univision stations have been reaching out directly to their communities through local activities and events, which are publicized on air for further impact. In partnership with the FCC, NTIA, NAB and others, Univision stations have hosted 25 local "town hall" meetings on the DTV transition, in New York, Chicago, Miami, San Antonio, San Francisco, Houston, Dallas, Philadelphia, Phoenix, Sacramento, Fresno and Bakersfield. Thousands of individuals have attended these events:

- On July 17<sup>th</sup>, our stations in the San Antonio market hosted a town hall attended by approximately 700 people.
- On July 24<sup>th</sup>, our stations in the Miami market hosted a town hall at Goodlet Park, with representatives from the FCC and NAB, attended by approximately 100 people.
- Our stations in the Chicago market hosted their second DTV town hall on July 26<sup>th</sup>, at Morton College in the suburb of Cicero. Approximately 300 people attended that event, which included panelists from Consumer Reports, the FCC, NTIA and others.
- On August 23<sup>rd</sup>, our stations in the New York market hosted a DTV town hall at the Hostos Community College in the Bronx, with representatives from the FCC, NAB and the Hispanic Federation. Approximately 400 people attended this event, which was taped and aired as an hour special.

A number of our stations have hosted or participated in local events featuring FCC Commissioners who travelled to our markets to help publicize the DTV transition:

- On September 11<sup>th</sup>, Univision's stations in the San Francisco market were pleased to participate in a public meeting with FCC Commissioner Jonathan Adelstein and former FCC Commissioner Rachelle Chong.
- Our New York area stations hosted a town hall meeting that featured FCC Commissioner Jonathan Adelstein on September 27<sup>th</sup>.
- On September 29<sup>th</sup>, our Atlanta market station participated in a DTV town hall meeting with Commissioner Deborah Tate, sponsored by Georgia Public Broadcasting and the FCC to raise awareness and educate consumers on the DTV transition.

Further, Univision has supplemented these town halls with other local activities across the country. For example:

- In the Dallas market, our local *Escuadron Digital* provided information and assistance at the Little Elm Public Library, the Gran Fiesta, the Latino Wellness Health Fair, "Viva Dallas" and the *16 de Septiembre* event in Irving.
- In San Antonio, our local stations partnered with the Mexican Consulate to distribute DTV brochures, and with the local energy utility to mail DTV informational inserts to 500,000 customers. Our stations also provided

information and assistance on DTV at the Guadalupe Cultural Arts Center on July 17<sup>th</sup>, and at the Sixth Annual Latina Health Conference, attended by approximately 10,000 people, on August 16<sup>th</sup>.

Our stations have provided viewers with information by phone:

- On July 2<sup>nd</sup> and August 21<sup>st</sup>, our Dallas area stations hosted phone banks which viewers could call and ask questions regarding the DTV transition.
- On July 26<sup>th</sup>, our stations in the San Antonio market set up a phone bank with station personnel after airing a one hour DTV special. They answered approximately 200 viewer calls.
- Our Los Angeles area stations hosted a DTV awareness telethon, in which DTV experts took viewer calls, on September 3<sup>rd</sup>.
- On September 27<sup>th</sup>, our New York market stations hosted a phone bank for DTV questions in collaboration with the Hispanic Federation.
- In the Phoenix market, our stations established an information line with a two minute pre-recorded message on DTV, including information on converter box availability, list of local retailers and a 1-800 number for information on the coupon program.

A number of Univision's local outreach activities have been targeted to the senior community:

- On July 25, 2008, the Vice President and General Manager of our New York area stations gave a presentation to a group of approximately 250 senior citizens at the *Americas Unidas* Senior Center in Hackensack, New Jersey.
- Our Miami area stations provided information and assistance on the DTV transition at the Hialeah Senior Center on July 8<sup>th</sup>, July 22<sup>nd</sup> and August 12<sup>th</sup>.
- Our Los Angeles area stations' local *Escuadron Digital* provided information and assistance on the DTV transition at the Altamead Adult Day Care Center in El Monte on August 8<sup>th</sup>.
- In Puerto Rico, our local sales manager spoke to a group of seniors about DTV at a retirement home in Rio Piedras on August 15<sup>th</sup>.
- On August 22nd, the Chief Engineer and Community Relations Director of our stations in the San Antonio market spoke to approximately 85 seniors regarding the DTV transition at Our Lady of Angels Nutrition Center.

#### • **Network Programming**

The Univision and TeleFutura Networks have addressed the DTV transition in network programming aired on their affiliates' stations across the country. During the last quarter, the Networks presented their third hour long special educating viewers on the digital transition, *TV Digital ... Estas Preparado? (Digital TV ... Are You Ready?)*. Hosted by Network personalities

Fernando Arau and Carmen Dominicci, the special helped viewers apply for converter box coupons, select and purchase a converter box, and determine if their sets contain a digital tuner. The special featured a national *Escuadron Digital* made up of network personalities Carlos Calderon, the host of the Galavision cable network's *Acceso Maximo*, as the squad captain; Tony Dandrades, from the Univision Network's news magazine *Primer Impacto*, as the converter box tech; and Liliana Rodriguez Luciano from the TeleFutura Network's *Escandalo TV*. In addition, cast members of the TeleFutura Network programs *Escandalo TV*, *Contacto Deportivo* and *EVT TV Extra* regularly reminded viewers of the DTV transition, and need to prepare for it, throughout July, August and September.

- **Public Speaking**

Univision personnel have continued to educate the public about the DTV transition through speaking engagements. For example, on July 10<sup>th</sup>, Bert Gomez, Univision's Vice President of Government Relations, participated in the DTV panel at the 79<sup>th</sup> annual LULAC Convention held in Washington, D.C. The panel, which also included representatives of NAB, the Hispanic Information & Telecommunications Network, and others, discussed the critical strategies being phased in to help the Latino community prepare for the transition.

On July 12<sup>th</sup>, 2008, Diana Cristina Diaz, Univision's Director of Corporate and Community Relations, participated in the DTV panel at the NCLR's annual conference held at the San Diego Convention Center. The panel also included representatives from NAB and the Leadership Conference on Civil Rights. At the same conference, Univision partnered with NTIA to register attendees for converter box coupons. Univision also played its DTV PSAs and specials for attendees on monitors at the Univision booth.

On August 29, 2008, New York news anchor and local *Escuadron Digital* member Antonio Martinez served as moderator for a DTV panel at the *Somos el Futuro Conference* (coordinated by the Hispanic Federation) in Long Island. The panel included representatives of the FCC and Hispanic Federation.

On September 15, 2008, Cesar Conde, Vice President and Chief Strategy Officer for Univision Communications, participated in a panel on DTV at the National Association of Multi-Ethnicity in Communications' annual conference. The panel also included Monica Desai, Chief of the FCC's Media Bureau, Shermaze Ingram, Sr, Director, Media Relations, DTV Transition, NAB, and others.

- **News And Public Affairs**

During the last quarter, Univision stations continued to inform their communities about the transition and related issues in their newscasts, public affairs programs, and other local programming. For example:

- On July 26<sup>th</sup> our stations in the San Antonio market aired a one hour special entitled *DTV Avanzando Con La Tecnologia (DTV: Advancing With Technology)*.
- Our Fresno area stations dedicated their entire 30 minute community affairs program, *Angulo T*, to the DTV transition on July 6<sup>th</sup>, July 13<sup>th</sup> and August 10<sup>th</sup>.
- In the Atlanta market, our station's Friday newscasts now include a report on converter box availability.
- In the New York market, our WXTV aired interviews with Commissioner Jonathan Adelstein concerning the DTV transition on its 6 and 11 pm newscasts on September 27<sup>th</sup>.

- **Public Service Announcements**

DTV educational PSAs continue to play an important role in our campaign as well, on both the network and local station level. A number of our stations have produced and aired their own DTV PSAs featuring local on air talent. Our stations also air PSAs transmitted by the Univision and Telefutura Networks, as do other Network affiliates across the country.

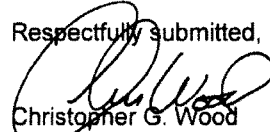
- **DTV "Microsite"**

Finally, Univision's web site contains a microsite dedicated to the DTV transition. From Univision's home page ([www.univision.com](http://www.univision.com)), the microsite may be accessed by a link titled *Television Digital* or by entering the keyword "TV digital," as publicized in Univision's educational campaign. Since the start of Univision's campaign, this microsite has received *more than five million page views*.

The *Television Digital* microsite includes information in Spanish explaining the upcoming digital transition, what it is, its benefits, the reasons for the transition, and how to prepare. It also provides visitors with a countdown to the analog cutoff date, how to tell if their TV set is analog or digital, how to apply for a converter box coupon and a link to NTIA's site to do so. In addition, the site offers information and instructions on how to connect converter boxes and a glossary of DTV terminology. Further, there is a section that includes PSAs featuring Univision national talent, who encourage our audience to prepare for this switch and explain how to apply for a coupon. There are also videos of the DTV specials that Univision has aired and links to the government agencies that offer additional information in Spanish.

As we approach the final countdown to the analog cutoff date, Univision continues to embrace its role in educating viewers on the DTV transition. We began our award-winning campaign over a year ago. We remain committed to continuing our efforts to help our viewers successfully complete this transition, working with the FCC and others.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Chris Wood", written over the printed name.

Christopher G. Wood  
Vice President and  
Senior Legal Counsel

cc: Cathy Seidel  
Pam Slipakoff  
Monica Desai  
Lyle Elder  
Eloise Gore  
Mary Beth Murphy  
Dana Scherer

**Attachment D**

**Univision Communications Inc.  
DTV.gov Transition Partners Quarterly Report  
January 12, 2009**



Univision Communications Inc.

Christopher George Wood  
Senior Legal Counsel

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FILED/ACCEPTED

JAN 14 2009

Federal Communications Commission  
Office of the Secretary



January 12, 2009

Ms. Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street SW  
Washington, DC 20554

**Re: Univision Communications Inc.  
DTV.gov Transition Partners Quarterly Report  
MB Docket No. 07-148**

Dear Ms. Dortch:

Univision Communications Inc. ("Univision"), as a DTV.gov Transition Partner, is pleased to file this quarterly report concerning its most recent efforts to educate the U.S. Hispanic population regarding the transition from analog to digital television ("DTV").<sup>1</sup> During the Fourth Quarter of 2008, Univision began the final phase of its DTV education campaign, covering the crucial last 100 days before the analog cutoff date scheduled for February 17, 2009. Travelling this last mile, Univision is gratified that its campaign has increased awareness of the digital transition substantially among Hispanic viewers. At the same time, we remain aware that additional work must be done to ensure our audiences are prepared, and we are committed to this effort.

• ***Una Nueva Era: Overview of Univision Efforts to Date***

Univision began its campaign to educate U.S. Hispanics regarding the DTV transition, titled *Una Nueva Era: TV Digital*, well over a year ago -- long before there were any mandatory requirements. *Una Nueva Era* has been a multi-platform effort involving the Univision and TeleFutura broadcast networks; the Univision Television Group's 63 stations; Univision Radio's stations across the country; and Univision Interactive Media (formerly Univision Online). In addition to its own assets, Univision's partners in this campaign have included the FCC; NTIA; NAB; Hispanic Technology & Telecommunications Partnership; National Council of La Raza; National Hispanic Council On Aging; and the National Association of Latino Elected and Appointed Officials.

<sup>1</sup> This report is being filed pursuant to Paragraph 50 of the Commission's Report and Order in MB Docket No. 07-148, FCC 08-56, released March 3, 2008.

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Since the launch of its campaign on October 1st, 2007, Univision has produced **four separate 30-minute DTV specials** for the Univision and TeleFutura Networks and their affiliates:

- *TV Digital... ¿Que Tal? (Digital TV...What Is It?);*
- *TV Digital... ¿Cuanto Sabes? (Digital TV... How Much Do You Know?);*
- *TV Digital ... ¿Estas Preparado? (Digital TV ... Are You Ready?); and*
- *TV Digital: ¡Falta Poco! (Digital TV: It's Almost Here).*

Many of our own stations have run these specials on multiple occasions. The Univision and TeleFutura Networks also have presented vital information regarding the transition within a number of their most popular programs, including *Al Punto (To The Point)*; *Despierta América (Wake Up America)*; *El Gordo y La Flaca (The Scoop and the Skinny)*; *Primer Impacto (First Impact)*; *República Deportiva (Sports Republic)*; *Sábado Gigante (Giant Saturday)*; and *Escándalo TV (ShowBiz TV)*.

In addition to its Network programming, our stations have produced and run their own **local programs related to the digital transition**. For example:

- In the Miami DMA, our stations devoted their entire public affairs program, *Ahora En Nuestra Comunidad*, to the DTV transition on November 22<sup>nd</sup> and 23<sup>rd</sup>, with highlights of their DTV Town Hall Meeting at the Goodlet Theater in Hialeah.
- In the Houston DMA, our stations aired a one hour DTV special on December 13<sup>th</sup> and 14<sup>th</sup>, featuring highlights from a Town Hall Meeting they hosted with participants from the FCC and NAB.
- In the New York DMA, WXTV aired a one hour special on December 20<sup>th</sup> based upon its DTV Town Hall Meeting at the Park Performing Arts Center. The program included information on the transition, converter box coupons, and options to be ready on the analog cutoff date.
- In the Chicago DMA, WGBO-TV aired a one hour DTV special on December 22<sup>nd</sup>, based upon its Town Hall Meeting at Hispanic Little Village.

Univision also has implemented a **grassroots initiative for DTV education** under the banner ***Escuadron Digital***, or *Digital Squad*. As part of that initiative, Univision stations have been reaching out directly to their communities through local activities and events, which are publicized on air for further impact. Across the country, Univision has hosted more than 200 local events related to the DTV

transition. Thousands of individuals have attended these events. Most recently, our stations have hosted **DTV Town Hall Meetings** in Austin (October 3<sup>rd</sup> at the Southwest Community Center); Tucson (October 18<sup>th</sup> at Phoenix College and November 22<sup>nd</sup> at the Sunnyside High School); San Antonio (October 18<sup>th</sup> at the Thirty Auditorium of Our Lady of the Lake University, attended by over 300 people); Sacramento (November 1 at a local Boys and Girls Club); Miami (November 8<sup>th</sup> at the Goodlet Theater in Hialeah); New York (November 8<sup>th</sup> at the Park Performing Arts Center); Dallas (November 19<sup>th</sup> and December 6<sup>th</sup>); Atlanta (November 22 at the Berkmar High School); Houston (December 6<sup>th</sup> at the Southwest Multi-Service Center); and Chicago (December 8<sup>th</sup> at the Hispanic Little Village).

Univision estimates that, as of December 31, 2008, its own stations have aired **more than 85,000 DTV informational PSAs** – a figure that does not include the Network PSAs aired by other broadcasters' affiliates of the Univision and TeleFutura Networks. Our PSAs have featured Hispanic Members of Congress, the U.S. Secretary of Commerce, and both national and local on air talent. Univision also has created a customized PSA message for viewers of its low power stations, to alert them to the need to choose a converter box that will pass through an analog LPTV signal.

On our website, **Univision.com**, we have created a comprehensive microsite dedicated to the DTV transition. The microsite may be accessed by a link titled *Television Digital* or by entering the keyword "TV digital," as publicized in Univision's educational campaign. It includes information in Spanish explaining the upcoming digital transition, what it is, its benefits, the reasons for the transition, and how to prepare.

#### • Univision's Focus on the "Final Mile" of the DTV Transition

On Sunday, November 9<sup>th</sup>, Univision kicked off the final 100 days before the analog cutoff with its fourth DTV **network special, *TV Digital: ¡Falta Poco!* (Digital TV: It's Almost Here)**. The half-hour special included an exclusive interview with the long-time host of our *Sabado Gigante* program, Don Francisco, who shared with viewers his personal recollections on the evolution of television and his views on the benefits of digital broadcasting. The program also included guidance from Elena Chavez, the Spanish-language outreach manager for the Consumers Union, who answered questions from viewers across the U.S. about applying for government funded coupons and buying and installing converter boxes.

On the following day, Univision CEO Joe Uva announced the last phase of our DTV education campaign at a **public forum in Washington** with NAB President David Rehr, U.S. Secretary of Commerce Carlos M. Gutierrez, FCC Chairman Kevin Martin and Commissioners Deborah Tate and Robert McDowell, and others, which marked the final 100 day countdown. Mr. Uva remarked that:

"As we approach the final mile on the road to the DTV transition, Univision is energized by the substantially increased levels of awareness among Hispanic viewers, but we recognize that there is still a significant amount of work to be done to ensure our audiences are prepared. Over the next 100 days we are focused on reaching our audiences through our top programs, including the Latin GRAMMYs, to help our viewers take action."<sup>2</sup>

The **Latin GRAMMY awards** aired on Univision November 13<sup>th</sup>. The program, telecast of from Houston, Texas, included a minute and a half long educational spot concerning the digital transition. According to Nielsen Media Research's NTI Ratings, this broadcast attracted some 11 million viewers.

Univision also has launched a new series of **PSAs focusing on the deadline**, which explain the impact of the analog cutoff and advise viewers on the proper steps necessary to ensure a smooth DTV transition. The new PSAs feature some of the network's most popular personalities.

The Univision and TeleFutura Networks both have added a **daily countdown segment** indicating the number of days left until the analog cutoff on February 17<sup>th</sup>, which appears within several popular programs. A number of our stations also run a *local* countdown segment, including our WXTV in the New York DMA, KMEX-TV in the Los Angeles DMA, WGBO-TV in the Chicago DMA, KDTV in the San Francisco DMA, KXLN-TV in the Houston DMA and KUVN-TV in the Dallas DMA. The dedicated DTV microsite on Univision.com has included a daily countdown from the start.

Univision stations also have conducted a number of "**soft tests**" on their **analog broadcasts**, depicting or alerting viewers to the upcoming analog cutoff, to help increase viewer awareness and readiness. Tests have been conducted by our stations in local markets such as San Francisco (conducted by KDTV on October 21<sup>st</sup>); New York (on October 28<sup>th</sup> and December 2<sup>nd</sup>); Chicago (conducted by WGBO-TV on November 12<sup>th</sup>); Philadelphia (conducted by WUVP-TV on November 17<sup>th</sup> and December 17<sup>th</sup>); Houston (on November 17<sup>th</sup>); San Antonio (conducted by KWEX-TV on November 17<sup>th</sup>, December 6<sup>th</sup> and December 7<sup>th</sup>); Fresno (December 2<sup>nd</sup>); Dallas (conducted by KUVN-TV on December 4<sup>th</sup>); Atlanta (December 8<sup>th</sup>, 10<sup>th</sup>, 12<sup>th</sup> and 13<sup>th</sup>); Austin (December 10<sup>th</sup>); and Miami (conducted by WLTW on December 17<sup>th</sup>, 22<sup>nd</sup> and 29<sup>th</sup>).

On December 3<sup>rd</sup>, our station KMEX-TV in Los Angeles shut off its analog signal for one minute each hour between 5 a.m. and midnight. Viewers saw a graphic telling them if they were digital-ready and referring them to a phone bank to answer questions.

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<sup>2</sup> Remarks of Univision CEO Joe Uva at the Newseum, Washington, D.C., November 10, 2008.

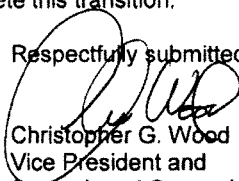
Univision stations have set up **voluntary phone banks** to answer questions and provide information on the transition in connection with these "soft" analog tests. In the Fresno DMA, our December 2<sup>nd</sup> test was coupled with a phone bank to assist viewers with questions and converter box coupon requests. Throughout the day, more than 1,000 viewers were signed up for coupons. In Los Angeles, our phone bank on December 3<sup>rd</sup> answered thousands of calls throughout the day. Our Dallas phone bank on December 4<sup>th</sup> received over 13,000 calls throughout the day. 9,000 of them sought assistance with coupon requests. Our Atlanta and Philadelphia stations also established phone banks in connection with their soft tests to raise viewer awareness.

Finally, we are proud to note that FCC Commissioner Jonathan Adelstein recently remarked at the Government Video Technology Expo, held at Washington, D.C., on December 2, 2008:

"Univision has conducted a series of soft analog shut-off tests and engaged in perhaps the most aggressive consumer education outreach effort. Tomorrow, Univision's KMEX in Los Angeles will shut off its analog signal for one minute each hour between 5 am and midnight. That's truly commendable."<sup>3</sup>

As our CEO observed at the start of the 100 day countdown, Univision is energized by the substantially increased levels of awareness among Hispanic viewers. At the same time, we recognize that there is still a significant amount of work to be done to ensure our audiences are prepared. We remain committed to helping our viewers successfully complete this transition.

Respectfully submitted,

  
 Christopher G. Wood  
 Vice President and  
 Senior Legal Counsel

cc: Cathy Seidel  
 Pam Slipakoff  
 Monica Desai  
 Lyle Elder  
 Eloise Gore  
 Mary Beth Murphy  
 Dana Scherer

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<sup>3</sup> "DTV Transition: It's Not Too Late to Get It Right," Remarks of Commissioner Jonathan S. Adelstein, Government Video Technology Expo, Washington, D C, on December 2, 2008.

Mr. BOUCHER. Thank you very much, Mr. Wood.  
Mr. Severson.

#### STATEMENT OF GARY SEVERSON

Mr. SEVERSON. Chairman Boucher, Ranking Member Stearns, and members of the subcommittee, thank you for inviting me to appear before your subcommittee on behalf of Wal-Mart Stores and the Consumer Electronics Retailers Coalition or CERC.

Since joining Wal-Mart in 1994, I have managed a variety of merchandising departments. I am currently Senior Vice President and General Manager of Entertainment, which includes electronics.

I believe that we are going to complete our transition to digital television successfully. Aside from Congressional oversight, much of the credit for a successful converter boxes program should go to the leadership and staff of the NTIA past and present. CERC is also working with the FCC staff very constructively today on the final and crucial stages of consumer education and outreach. We are proud that retailers' training and education efforts have received high marks from the FCC. As other CERC witnesses have told the subcommittee, the DTV transition has been a professional experience without precedent, made more complex and challenging by adjustments to the program.

Wal-Mart's converter box demand increased in the days leading up to each local transition, but we have been meeting each challenge and are confident we will meet the final ones. Wal-Mart has worked to ensure that our customers are aware of the transition. Our stores have featured the converter boxes through special displays, a 30-second video running in the electronics area, a countdown clock to February 17, print advertising space, and in-store signing.

In advertising terms alone we value in the millions of dollars the time that Wal-Mart's in-store video network devoted to educating our customers about the DTV transition. Wal-Mart, like other CERC members, has participated in community-based efforts to reach the underserved population, including FCC-sponsored field activities and the successful DTV Road Show Education Campaign, which made many stops at Wal-Mart stores across the country.

Conversations will continue—excuse me. Conversions will continue one by one through June 9 with the balance of television stations transitioning on June 12. Communicating clear, concise, market-specific advice to consumers over this period will be a particular challenge. Currently we are changing signs in our stores to direct consumers to Web sites and telephone numbers to obtain the most accurate and up-to-date local information. We are also considering new in-store electronic messaging for our TV wall and point of sale.

Wal-Mart remains a leading seller of coupon-eligible converters. Over 90 percent of our converter sales have been made with the assistance of coupons. To date all of our models have been sold under \$50, a highly-competitive price among retailers.

Once we saw that the coupon waiting list would be cleared, we started air freighting converter boxes to our stores. As the weeks progress, we will be very well situated to serve anticipated future demand of our customers through the end of June. Projecting store

needs on a weekly basis we are generally able to restock very quickly and remedy gaps in supply. Minor delays have occurred only when external events upset the supply or demand cycles. We have not been encountering many consumer problems as customers understand that fluctuating inventory levels has been a fluid situation.

With antennas, like others, we have seen a noticeable increase in demand. Antennas that offer the most consumer satisfaction are those at each end of the price range; the least expensive set-top antennas and the more expensive rooftop antennas. Wal-Mart is making additional antenna purchases for the balance of this year in both categories. We think that we will be able to serve our customers well as their remaining local stations move to their final power frequency and tower position.

While our converters have had a very low rate of return compared to average electronics products, our rate, our return rate on antennas has been somewhat higher. As consumers find the models that best suit their own needs, we understand that other electronics retailers are seeing similar return rates on antennas.

While we will focus on addressing the needs of our customers in the store, we encourage all stakeholders to focus on educating viewers on what to do after returning home. We are pleased with efforts that encourage viewers to rescan converter boxes frequently to capture additional channels.

Wal-Mart is pleased to testify today, Chairman Boucher. Thank you. Additionally as we look ahead, we hope to work closely with the committee in addressing energy use and recycling issues, especially as they pertain to electronics. I will be happy to answer any questions you may have. Thank you.

[The prepared statement of Mr. Severson follows:]

Statement of  
Gary Severson  
Senior Vice President, General Manager  
Entertainment  
Wal-Mart Stores, Inc.

Before the  
Subcommittee on Communications, Technology and the Internet  
House Energy and Commerce Committee

Status of the Digital Television Transition

March 26, 2009

Chairman Boucher and Ranking Member Stearns, thank you for inviting me to appear before your Subcommittee on behalf of Wal-Mart Stores, Inc. and the Consumer Electronics Retailers Coalition (CERC). CERC is an organization of our nation's leading general and specialist consumer electronics retailers. Wal-Mart is longstanding member of CERC.

Wal-Mart is based in Bentonville, Arkansas and employs approximately 1.4 million Associates from all 50 states and approximately 2 million Associates worldwide. Our company is committed to saving people money so they can live better, and each week over 100 million customers visit Wal-Mart stores with the expectation of saving money for their life's needs. In the areas where Wal-Mart operates stores, clubs, and distribution centers, the company has worked proactively as a partner in the community on a number of consumer issues including the transition to digital television.

I have worked in and managed several product areas at Wal-Mart. I joined Wal-Mart initially as a buyer, became a Divisional Merchandise Manager, took on responsibilities for toys, electronics, video games, computers, and movies, and currently am General Manager responsible for all entertainment products.

I would like to speak today first as a member of the retail industry, discussing how CERC has negotiated the transition and collaborated with NTIA and the Federal Communications Commission to identify the role of, and challenges to, retailers. I then would



like to discuss Wal-Mart's own experiences in addressing the needs of our customers throughout the DTV transition and as we move ahead toward a complete transition in June.

Retailers have played an important and positive role in the DTV transition. Well before the 2006 transition legislation, CERC was working with the Federal Communications Commission (FCC) on consumer education and outreach, and partnered with the Commission and with Consumer Electronics Association (CEA) on branding and distributing the first DTV "Tip Sheet." After the legislation passed that established that converter boxes would be made available via retailers, CERC began meeting with National Telecommunications and Information Administration (NTIA) to consider ways to get converter boxes into the hands of as many people as would need them. As the converter box coupon program developed, retailers began working with potential contractors to help develop a program that would work at retail and be as easy as possible for the consumer. Ultimately, this necessitated that retailers, including Wal-Mart, invest in revising their point of sale systems for coupon and payment system compatibility. In all the discussion of the DTV Transition, not much attention has been paid to the fact that, once all partners worked out the details of the coupon redemption process at retail, it has thereafter worked quickly and conveniently for consumers. Retailers have now processed around 26 million converter coupons with relatively few complications and interruptions.

CERC was pleased to be one of the four founding members of the Steering Committee of the DTV Transition Coalition. CERC also published the first Consumer Guide To The DTV Transition, and has updated this guide (most recent version attached to my statement) to reflect every turn and twist in the road, including the passage of the DTV Delay Act, and the ensuing FCC regulations and NTIA adaptations. The various changes to the program have posed challenges for retailers to provide helpful information to customers on a national basis, and in inventory management and ordering.

Amidst all the challenges, there is very strong sentiment within CERC in general, that much of the credit for the successful implementation of the converter box program goes to the job done by the leadership and professionals at the NTIA, past and present. No matter how

many obstacles they faced, I understand that they consistently worked to ensure the program was feasible for retailers to implement.

The NTIA has reported to the Congress and to the FCC that on the key dates – the Wilmington transition, the Hawaii transition, on February 17, and in local transition – the retail industry stocked enough converters to generally meet the reasonably anticipated customer demands. The FCC, in its DTV Education Order, tasked its field personnel with visiting retail stores, interviewing the managers, and reporting to the NTIA how retailers were meeting demand for converter boxes. Here is what the NITA reported in its February, 2009 DTV newsletter:

Retailers participating in the Coupon Program are well-informed about the Program and its requirements, based on results from retailer interviews conducted by the FCC. Retailers rated highly in monthly surveys conducted over the past few months. Results showed correct responses at 95% and up on questions that covered Program knowledge and training, including coupon acceptance and redemption practices and whether high definition TVs are needed for the digital transition .....

**Retail Challenges Ahead.** As you will have heard today, the FCC has held two Open Meetings devoted exclusively to the DTV Transition. Chris McLean, CERC's Executive Director, was a presenter at the February Open Meeting. Shortly after Michael Copps became Acting Chairman, the FCC staff invited CERC and its members to a constructive and collegial meeting to review retailers' experiences and perceptions and to ask our advice in meeting the challenges that were being observed in the field. CERC has found this and other initiatives taken by the FCC to be extremely useful and informative, and the retail industry trusts that its information and perceptions have been helpful for them. CERC, its members, and its private sector colleagues are being treated as true partners. The FCC worked closely and effectively with both CERC and its individual members on the Wilmington and Hawaii transitions, and retailers' efforts in Wilmington were generously praised by former Chairman Kevin Martin.

### **Wal-Mart's Experience with the Digital Transition**

Wal-Mart's own experiences regarding the transition largely mirror those faced by other CERC members. I can join other CERC member company witnesses who have appeared before you in saying that planning for and reacting to the DTV Transition has been a unique professional challenge, for which there has been no guiding precedent.

**Experience on 2/17.** Prior to the original February 17<sup>th</sup> transition date, Wal-Mart saw converter box demand increase in the days leading up to each local transition for markets moving to digital early. CERC encouraged the NTIA to clear its Coupon Waiting List as expeditiously as it could, so that retailers could see the results in their stores and judge their future inventory needs accordingly. Like other retailers, Wal-Mart has noticed an upswing in demand as these coupons have arrived in homes. While the increase has been appreciable, the trend has generally met our expectations. Similarly we saw an increase in antenna sales and a mild increase in our return rate on antennas, as consumers in affected areas tried out their new channel lineup. I should add that even in special areas in which we have had temporary gaps in converter box supply, we have not been receiving many consumer complaints. Our customers seem satisfied that if we don't have what they need on a given day we will have it soon, and they understand that fluctuating inventory levels has been somewhat of a fluid situation.

**Selling Converters.** Wal-Mart is a leading seller of Coupon-Eligible Converters. Over 90 percent of our converter sales have been made with the assistance of coupons. To date we've carried eight different converter models, all of which have been sold at \$49.87 – a competitive price among retailers.

Once we saw that the Coupon Waiting List would be cleared, we started air-freighting in converters – without raising our price – to try to keep shelves stocked as larger shipments start to arrive. I fully expect that as the weeks progress we will be very well-situated to serve anticipated demand of our customers who need converter boxes through the end of June. In order to assure store supply we have made weekly projections of each store's needs, based on the demand that the store saw in the previous week. Wal-Mart is generally able to re-stock very quickly, so when we've encountered unanticipated gaps in supply in some spot areas,

we've worked hard to remedy out of stock issues promptly and move supply to where it is needed most. In this manner we've been able to manage supply issues through the life of the program, and have minor delays only when external occurrences upset the supply or demand cycles. The main occasions on which retailer supply has had to catch up with demand have been when external events affected the program – last June and July, when our suppliers were changing over to “analog pass-through” boxes; and in the last week or so, as we've waited to receive the very large orders we placed for the remainder of the program.

**Selling Antennas.** Like our colleagues in government and industry, we have been surprised by the demand for antennas. We have not wanted to encourage our customers to buy an antenna they did not need. Rather, customers should try the antenna they already have. (If they do not already have an antenna, our experience tells us they are likely not receiving an over the air signal.) We find that the antennas that offer the most immediate customer satisfaction are the ones at the opposing ends of the price range – the least expensive, set-top, antennas, and the most expensive, roof-top antennas. The former will work fine for many or most customers, and save them needless expense. The latter are very effective in pulling in distant stations over a variety of frequencies, and customers who buy them are generally aware of their need.

Based on our experience in the transition and our refined understanding of consumer demand, Wal-Mart is making additional antenna purchases for the balance of this year, in both the set-top and outdoor categories. We think we will be able to serve our customers well, as their remaining local stations move to their final assigned digital frequencies and power levels. Even so, while our converters have a very low rate of return – lower than our average consumer electronics product – our return rate on antennas has been slightly higher, as our customers try to find the models that best suit their own locations and personal preferences. We understand very generally that other electronics retailers are seeing similar return rates on antennas. We try to offer a selection that will meet the majority of different needs.

**Wal-Mart and Consumer Education.** We understand the main focus of this hearing to be our experiences on and after February 17, and our readiness for future challenges, so I

will only summarize our past training, education and outreach efforts. Our stores have featured the converter boxes through special displays, a 30-second video running throughout the electronics section, and a “countdown clock” to February 17<sup>th</sup>. Wal-Mart also dedicated print advertising space to the converter box. Pictures of these displays, which we featured earlier this year during high traffic periods when such floor and advertising space was very valuable for us, are attached to my statement. In advertising terms alone, we value in the millions of dollars the time that Wal-Mart’s in-store video network devoted to educating our customers about the DTV transition. Wal-Mart, like other CERC members, has participated in community-based efforts to reach under-served populations, and participated in FCC-sponsored field activities. The successful DTV Roadshow education campaign made many stops at Wal-Mart stores across the country.

When educating consumers, Wal-Mart and other retailers face a challenging situation in the months ahead. Prior to the February 17 deadline, Wal-Mart approached consumer education on a national basis in our stores. A national approach is not feasible at this juncture. Some broadcasters converted to only digital transmission in February. More than 200 stations will cease analog broadcasting before June 12. According to the FCC’s spreadsheet, this string of conversions will continue, one-by-one, through June 9 with the balance of the television stations transitioning on June 12. To further complicate the education process, at least one analog station in most of these markets will still be broadcasting in analog, until June 12. During this dynamic transition period, communicating clear, concise market-specific advice to consumers is a particular challenge.

While Wal-Mart is considering options and will be communicating closely with CERC during this period. Because of the dynamic nature of this last phase of the transition, Wal-Mart is currently working on new solutions for the road ahead. For example, we are looking into a new in-store electronic message for our TV wall and point-of-sale, as well as product information plaques. These messages would direct consumers to websites and telephone numbers to obtain the most accurate and up to date information relevant to their individual requirements.

**Outlook for April 16, Interim Dates, and June 12.** Wal-Mart continues to be aggressive in trying to meet our customers' anticipated demands in ordering new converters. We are confident that as our pipeline fills in the coming weeks we will be in good shape to meet expected demand at least through the end of June. Of course, every innovation in this program is without precedent, so our modeling must always include more guesswork than we are comfortable with. Wal-Mart, like other CERC members, is pleased with the open dialogue that we have had with the government thus far in adapting to phases of the transition. Granular information about coupons and regular updates about changes to the program have been helpful in tailoring our service to our customers.

In the FCC Open Meetings and elsewhere, Wal-Mart, like everyone else, has learned a great deal about interim and final transmission bands and frequencies, signal propagation, and scanning and rescanning on converters, DTV receivers, and other products with broadcast digital tuners. While we will focus on meeting the needs of our customers in the store, we encourage all stakeholders to focus on educating viewers on what to do after returning home. We are pleased, for example, with efforts that encourage viewers to re-scan converter boxes frequently to capture additional channels. Wal-Mart supports CERC's statement about being ready to work alongside our partners in Washington and in communities across the country over the next few months to address new challenges on this final path to the digital transition. After overcoming some bumps in the road, the process has worked well so far, and we will keep at it.

\* \* \*

**Conclusion.** Wal-Mart is pleased to represent CERC in this, Chairman Boucher, your first DTV hearing as chairman. We are fortunate to enjoy constructive relationships with all of our private and public sector colleagues in this effort, and we look forward to continuing work on this basis with your subcommittee and staff. We also look forward to working with members of the committee on other programs related to our industry such as energy labeling and recycling. On behalf of Wal-Mart, and as a member of CERC, I appreciate the opportunity to testify today. I am happy to answer any questions that you may have.

Mr. BOUCHER. Thank you, Mr. Severson.  
Mr. Shapiro.

#### STATEMENT OF GARY SHAPIRO

Mr. SHAPIRO. Chairman Boucher, Chairman Dingell, Mr. Shimkus, thank you so much, members of the subcommittee for inviting me to testify on behalf of the Consumer Electronics Association.

I have three main points. First, the DTV transition has been and will continue to be an incredibly successful partnership between government and all affected industries, the most successful in our history.

Second, as the results of the February 17 date demonstrate, consumer experience with the DTV transition has been overwhelmingly positive. With our most recent survey of the market we see ample evidence to suggest that manufacturers and retailers will continue to meet consumer demand for converter boxes and antennas.

Finally, in light of the program's success and the enormous benefits arising from the migration to the digital spectrum, we ask that you not again delay the transition beyond June 12.

We represent the \$172 billion United States consumer electronics industry. We have over 2,200 corporate members, including manufacturers, retailers, distributors of digital televisions, antennas, converter boxes, and a range of other products.

More relevant for this hearing, though, this is the industry that invented digital television, and I even have a deep personal stake in the success. I was here over 20 years ago when this committee held the very first hearing, and indeed, my wife and I met over a chairlift when I overheard her talking on her cell phone about digital television. And I innocently asked, what is this thing called HDTV she was talking about. I am so passionate about digital television that my tombstone will be 16 by 9 aspect ratio.

Well, we have almost reached the end of this 20-year process. We worked with broadcasters at WRC here in Washington to establish the first DTV broadcast station in '96. We helped create the advanced television test center to test all the different proponents, and we are a founding member of the Advanced Television Systems Committee, which set the standards for DTV. And we have helped lead the effort to educate the public about the transition.

We helped found the DTV Transition Coalition, which now has 200 diverse groups, a group whose mission to ensure that not one consumer in the United States loses broadcast television service due to a lack of information. And our aggressive effort outreach have reached millions of consumers, retailers, manufacturers, and legislators about the transition. We created and operated the Web site, [antennaweb.org](http://antennaweb.org), which we manage with NAB, and that helps consumers choose the right antenna for their location. We have digital tips which helps consumers learn about the transition.

We have a video. We hired Florence Henderson of The Brady Bunch to get to the elder people, to reach out to them, and we have done a lot in the retailer training, consumer education area. And I think we have been successful. We started out in 2006, 41 percent of consumers were familiar. By the end of 2007, it was 80 percent. Today Neilson, who I think understates it, says that 96 percent of

all TV homes are now aware about the transition date and are prepared for it. If these conservative numbers even are correct, we will be about as close to 100 percent as you can be by June 12.

This has been the most successful industry, government cooperative relationship probably since World War II. The first DTV hearing held by Chairman Markey focused on this appropriately, and the broadcasting cable, satellite, and public interest sectors worked together in the DTV Transition Coalition to ensure that we have been prepared to make the switch. It has been bipartisan cooperation, and I want to commend the FCC and the NTIA, both past and present, for the tremendous work in running these programs. And this committee for over 2 decades of oversight over this important transition.

I remain convinced we are fully prepared for the successful and consumer-friendly transition. Why? First, recall that by February 18 more than one-third of the broadcasters had fully transitioned to digital. Prior to that day some groups were claiming that this mini transition would leave millions without television. It would overwhelm the FCC's call center and would cause tremendous harm to the most vulnerable among us who cannot be prepared in time.

The predictions of these naysayers simply did not come true. Unfortunately, the mindset of groups that predicted massive failures on February 18 continues to dominant their outlook for June 12, and based on our newest information I believe that they are wrong again.

To date roughly 26 million coupons have been redeemed, and we are projecting about some 4.2 million coupons will be redeemed from April until June, the June transition date. And through talking to retailers, major retailers and manufacturers, we believe inventory through the remainder of the transition will be robust and sufficient to cover projected demand over the next 3 months.

But the marketplace is such that each retailer and each box supplier makes independent decisions, and this type of transition has absolutely no historical precedent. Digital-type TVs are selling well despite the recession. Last year almost 33 million sets were sold, and I am pleased to announce today that this year to date we are up 47 percent in DTV sales over the same period last year. And antenna cells are also selling well in recent months.

To summarize our survey data suggest that manufacturers and retailers will likely meet consumer demand for converter boxes and antenna through the end of the transition, the June date. We will not know for sure whether this is the case until the Nation actually completes the DTV transition. This is as true today as it would have been if we had not delayed the date for February 17. The response to the significant recent changes made to the coupon program, manufacturers, and retailers have adjusted nimbly to ensure that market demands will be met.

Now, as I have been saying for the last 15 years, this transition is historic. There will always be bumps in the road, but we have overcome every one of them, and they have all been frankly more significant than what we are facing now. There is no evidence at this point of large-scale dislocations that would justify a further delay, which is my final point, and I want to elaborate on it be-



cause I am seeing—I will not elaborate on it because I saw your positive affirmation that there will not be a delay, so I won't have to convince you why it is great to stay the course.

So I thank you for your time, and I would be happy to answer any questions.

[The prepared statement of Mr. Shapiro follows:]

Statement of  
Gary Shapiro  
President and Chief Executive Officer  
Consumer Electronics Association

Before the  
Subcommittee on Communications, Technology, and the Internet  
House Energy and Commerce Committee

Status of the Digital Television Transition

March 26, 2009

Chairman Boucher and Ranking Member Stearns, members of the Subcommittee, thank you for inviting me to testify on behalf of the Consumer Electronics Association. My name is Gary Shapiro and I am the President and Chief Executive Officer of CEA.

There are three main points that I wish to make before this DTV transition oversight hearing. First, the DTV transition has been and will continue to be perhaps the most successful partnership of any kind between government and industry in our nation's history. Second, as the experience of February 17<sup>th</sup> demonstrates, consumer experience with the DTV transition looks much more like Y2K than Hurricane Katrina. With our most recent survey of the market, we see ample evidence to suggest that manufacturers and retailers will continue to meet consumer demand for converter boxes and antennas. Finally, in light of the program's success and the enormous benefits arising from broadcasters' migration to digital spectrum, Congress must not again delay the transition beyond June 12<sup>th</sup>.

#### Who is CEA

CEA is the principal trade association of the \$172 billion U.S. consumer electronics industry. CEA's more than 2,200 member companies include the world's leading manufacturers, distributors and retailers of consumer electronics. CEA's members design, manufacture, distribute and sell a wide range of consumer products including television receivers and monitors, computers, computer television tuner cards, digital video recorders, game devices, navigation devices, music players, telephones, radios, and products that combine a variety of these features and pair them with services.

A number of CEA members are also the leading manufacturers of Digital-to-Analog (DTA) Converter Boxes. These boxes convert digital broadcast signals into analog so that a picture is viewable on older analog TVs that are not hooked up to MVPD providers (e.g., cable, satellite, telco-delivered video). Consumers that rely on these older analog TVs to watch over-the-air programming must install a converter box prior to the nation's DTV transition.

### CEA & DTV Transition Standards and Consumer Education Efforts

CEA represents the industry that invented digital television. CEA worked with broadcasters at WRC in Washington, D.C. to establish the first DTV broadcast station in 1996. CEA is a founding member of the DTV transmission standards body, the Advanced Television Systems Committee, or ATSC. CEA is also a standards development organization in its own right, responsible for several DTV consumer device standards. For example, CEA wrote the Digital Closed Captioning standard (CEA-708) and the predecessor analog standard (CEA-608). For these two standards, CEA received an Emmy Award. CEA wrote the standard that documents U.S. and Canadian rating systems (also known as V-chip or CEA-766); the Recommended Practice that describes how receivers should process Program and System Information Protocol (PSIP) (CEA-CEB-12); and the Recommended Practice that describes how receivers process Active Format Description information which tells what shape the picture is so the TV can zoom or scale the picture properly (CEA-CEB-16). Finally, CEA produced three standards for antennas that support Antennaweb.org and indoor antenna performance measurement.

CEA helped lead the effort to educate the public about the DTV transition. Among other things, we are a founding member of the DTV Transition Coalition, composed of more than 200 diverse groups, whose mission is to ensure that no consumer loses broadcast television service due to lack of information. The Coalition's website, hosted by CEA, has received millions of unique visits from consumers.

CEA has led an aggressive education outreach effort to inform consumers, retailers, manufacturers and legislators about the DTV transition. CEA's ongoing award-winning efforts include websites, printed collateral and media outreach. CEA currently operates websites that provide valuable DTV transition information through consumer education and retailer training. Our DigitalTips.Org website helps consumers learn about the DTV transition. Our most popular consumer website, Antennaweb.org, developed and managed jointly with NAB, helps consumers choose the right antenna for their location.

More recently, CEA developed and launched a digital TV database to help consumers determine whether their current television set is digital. That database is freely accessible to the public at [http://www.dtvtransition.org/index.php?option=com\\_content&task=view&id=51&Itemid=94](http://www.dtvtransition.org/index.php?option=com_content&task=view&id=51&Itemid=94) and should provide consumers with another useful tool to help them determine what steps they need to take to prepare for the DTV transition. CEA also revamped its connectionsguide.com website to provide consumers with graphical, step-by-step instructions on how to connect their converter boxes to their televisions. Finally, CEA worked with the FCC to develop language for DTV transition consumer education notices that televisions and related device manufacturers must include with their products. When the FCC modified these rules to comply with the DTV Delay Act, CEA again worked with the FCC and our members to ensure that implementation of the proposed revisions was feasible.

CEA also leads the DTV transition in other ways. We hold an annual DTV Conference and we created the DTV Academy to recognize the innovators in digital television policy and programming. In July 2008, CEA partnered with the FCC, the NTIA and others for a DTV education weekend in Wilmington, NC. We donated converter boxes to senior centers in the

Wilmington area that did not have cable or satellite service. Last summer, CEA also participated in the Hearing Loss Association of America convention in Reno, NV, the NAACP Convention in Cincinnati, OH and the AARP Convention in Washington, DC.

CEA has also co-sponsored contests as a way of educating consumers about the digital transition. The "Rabbit Ears Pioneer Contest," hosted jointly by CEA and the National Association of Broadcasters (NAB), sought to encourage baby boomers to help their parents and older neighbors prepare for the analog cut off. Last October, CEA launched a YouTube contest to encourage consumer efforts to spread awareness of the digital transition. Popular country music band Whiskey Falls created a new video, "We are America", which explained contest details and demonstrated how consumers can prepare for the DTV transition. Consumer videos were submitted online at [www.YouTube.com/DTVTransition](http://www.YouTube.com/DTVTransition), where a panel of judges including students from American University evaluated each eligible video submission and selected five finalists based on the following criteria: originality and creativity, aesthetic appeal and the relationship of the content to the contest theme – Digital TV: Convert Now. The grand prize winner, creator of the video, "The Conversion," was chosen among numerous eligible videos by public voting on the YouTube contest page. The contest winner received a home entertainment center including a flat screen high-definition TV, a Blu-ray disc player and a surround sound audio system.

CEA produced a DVD entitled: "DTV 101: A Consumer's Guide to Digital Television." In addition to providing the program in standard definition DVD, HD DVD, Blu-ray Disc, DigiBeta and SDBeta, it is now available on YouTube ([www.youtube.com/dtvtransition](http://www.youtube.com/dtvtransition)). The website has already received more than 11,000 visitors.

CEA's members, several of whom were listed as FCC DTV Partners, also have been actively engaged in CEA's activities to educate consumers and also in their own educational activities. The FCC's DTV Partners, such as LG Electronics and its subsidiary, Zenith; Panasonic; Philips; Mitsubishi; Motorola; Pioneer; Pro Brand; RCA; Samsung; Scientific Atlanta; Sharp Electronics; and Sony are working to ensure that consumers have the information that they need to ensure a smooth transition to all-digital TV.

The public-private partnership to introduce HDTV to American consumers and to educate the public of the DTV transition is, by any measure, an unmitigated success. With each day that passes, more consumers know about and have prepared themselves for the transition. In 2006, only 41% of consumers were familiar with the transition. By the end of 2007, that number jumped to 80%. According to Nielsen's latest survey (March 15, 2009), more than 96% of all TV homes are not only aware of the transition but are fully prepared. We believe that number understates the number of prepared households. Even if these figures are correct, and the current rate of decline in unprepared households remains steady, nearly 100% of the nation's households will be fully prepared before June 12<sup>th</sup>.

This has been the most successful industry-government cooperative relationship that I have seen in my lifetime. The first DTV hearing I attended was convened by then Chairman Markey over 20 years ago. The broadcasting, cable and satellite, and public interest sectors work together with us in the DTV Transition Coalition to ensure that the nation is prepared to make the switch to digital. Our government's bipartisan cooperation with industry sets an example for the world. I especially want to commend the FCC for getting us this far, the NTIA for doing such a great

job running the converter box coupon program and Congress for their more than 20 years of leadership on this issue.

#### February 17<sup>th</sup> and beyond

As many of you know, I did not support the decision to delay the DTV transition beyond the original date of February 17, 2009. As Congress and the Administration contemplated a delay, I argued that the nation was ready for the transition so long as there was a timely fix to address the accounting problem associated with NTIA's coupon program. Upon passage of the DTV Delay Act, I indicated that CEA would redouble its efforts in working with Congress and the Administration to ensure that the transition would succeed on June 12<sup>th</sup>. My colleague, Michael Petricone, testified on February 5<sup>th</sup> before the FCC that it was possible, though not likely, that there would be insufficient converter boxes to satisfy consumer demand. Based on the actual performance of the coupon program to date, I remain convinced that the nation would have survived sticking with the original transition date. More importantly, our most recent survey data leaves me more optimistic that the nation is fully prepared for a successful and consumer-friendly transition on June 12<sup>th</sup>.

Why do I say this? First, recall that by February 18<sup>th</sup>, more than one-third of the nation's broadcasters had fully transitioned to digital. Prior to that day, many voices in government and among consumer groups claimed that the "mini-transition" would leave millions without television, would overwhelm the FCC's call center, and would cause tremendous harm to the most vulnerable among us who could not be prepared in time. The predictions of these naysayers did not come true. In fact, the FCC's call centers were relatively quiet; there was an insignificant number of consumer complaints; and store shelves remained stocked with ample supplies of converter boxes (indeed, some major retailers reported that week to be slower than previous weeks). Or as others put it, frogs did not fall from the sky. Unfortunately, the mindset of groups that predicted massive failures on February 18<sup>th</sup> continues to dominate their outlook for June 12<sup>th</sup>. Based on our newest information, I believe that they are wrong. Again.

#### Our Current View of the Market

To date, roughly 25.6 million coupons have been redeemed through the NTIA coupon program. CEA is currently projecting approximately 4.2 million coupons will be redeemed from April until the June transition date.

According to Nielsen, only 3.6 percent of TV households are unprepared for the transition – this translates into at most 4.1 million homes – and, as mentioned above, we and others believe this number overstates the actual number of households unprepared for the transition.

Through conversations with retailers and manufacturers, we believe inventory through the remainder of the transition will be robust – and sufficient to cover projected demand over the next three months. But the marketplace is such that each retailer and box supplier makes independent decisions and this type of transition has no historical precedent. Digital television sets continue to sell well – despite the deep recession. Last year, some 32.7 million DTV sets

were sold. Sales have remained brisk this year and CEA currently projects 34.6 million DTV sets will sell in 2009.

Antenna sales have also increased significantly in recent months. Major manufacturers of antennas continue to ramp up production in response to this increased demand. The marketplace will respond to spot shortages as antennas have a useful shelf life beyond June 12<sup>th</sup>.

To summarize, our survey data suggest that manufacturers and retailers will likely meet consumer demand for converter boxes and antenna through the end of the transition. We will not know for sure whether this is the case until the nation actually completes the DTV transition. That is as true now as it would have been on February 17<sup>th</sup>. But it is also extraordinary when taking into account the significant, recent changes made to the coupon program – the nearly four month delay, the additional \$650 million appropriated for the coupon program, allowing consumers to re-apply to replace lost or expired coupons. Manufacturers and retailers have adjusted nimbly to the rapidly changing nature of the program. As I have said since the mid-1990s, there will be bumps on the way to the final transition date, but these will be small when weighed against the transition's enormous benefits. And certainly, there is absolutely no evidence of large-scale dislocations that would justify a further delay of the DTV transition.

#### No more delay

And that brings me to my final point. This great nation of ours can ill afford to delay the transition again. To do so would put at risk the many benefits that will accrue from the switch to digital: a phenomenal amount of beachfront-quality spectrum for new licensed and unlicensed services, including sorely needed improvements to Internet access; better communications platforms for law enforcement and public safety; and almost \$20 billion in auction revenues for the U.S. Treasury. Change is uncomfortable and technology causes change and disruptions. The shift to digital television is a huge change and it is uncomfortable for some people. I always try to embrace change and I feel I have enough brain power and free will to choose to be happy and keep changes in perspective. This isn't about losing your home or your health or a loved one – it's about the potential loss of television service for a few people for a short time. Our government, almost every industry segment and many consumer groups have stepped forward and are doing everything possible to make sure Americans know about the transition. Congress gave two billion dollars to this effort. It is time to move on and to reap the overwhelming benefits of the transition. I urge you not to delay the final transition date beyond June 12<sup>th</sup>.

Thank you for your time. I would be happy to answer any questions.

Mr. BOUCHER. Thank you very much, Mr. Shapiro.  
Mr. Morrill.

**STATEMENT OF PETER MORRILL**

Mr. MORRILL. Thank you, Mr. Chairman and Ranking Members Stearns and members of the committee, especially Mr. Dingell. It is an honor and a pleasure to be here and for the honor to be able to testify before you on behalf of Idaho Public Television and the Association of Public Television Stations.

Now, I come to you from a State whose geography has always challenged the human spirit. In 1805, our Bitterroot Mountains nearly repelled the Lewis and Clark Expedition. The Oregon Trail that crosses our southern desert has always been called the world's longest cemetery due to the toll it took on pioneering families.

Idaho public television, which reaches 97 percent of the State's population, has worked for a decade to ensure that the digital transition gets a little friendlier reception. Since last July alone we have broadcast more than 52 hours of DTV consumer education announcements. Not programs, but announcements. Our efforts were bolstered in January by the \$35,000 DTV Consumer Assistance Grant that we received from the FCC. We hired an additional full-time engineer dedicated to responding to viewers' technical inquiries and produced two programs and six informational spots discussing the transition, including the importance of antenna placement and VHF, UHF channel changes.

Other public television station recipients of the FCC grant launched their own initiatives. For example, as noted by Representative Space, WOSU from Columbus, Ohio, teamed with local agencies for the elderly to train staff and volunteers to install converter boxes in homes and senior residences.

Congress has specified \$90 million of the stimulus funds be steered toward DTV consumer outreach. We are hopeful that much of that funding can be directed towards public television stations to build upon the success of the first wave of grants. Local public television stations have a unique combination of public trust, technical expertise, and unmatched local access that will enable us to provide necessary assistance.

I urge the committee to focus on the last few steps between the antenna and the TV set, which is where consumers are going to need the most help between now and June 12. My experience has been that there is an over-arching need for in-home assistance for converter box scanning and antenna installation, particularly for the elderly. Other top priorities should be telephone and walk-in help centers staffed with well-trained personnel ready to help with location and station-specific issues.

We also need to be realistic about the limits of consumer education. As Chairman Copps noted earlier, some viewers will not be able to receive all of the stations they did before the transition. In those cases full station disclosure is vital.

For example, in Idaho some viewers within our service contour will lose coverage because, well, the digital signal doesn't travel well through those darn mountains. In late December the FCC introduced options for stations to fill in these holes using translators, but because of the short timeframe and the desperate economic

conditions that exist right now, it will be extremely difficult to finance and deploy these systems.

I respectfully request that this committee assist by supporting digital television fill-in service by granting stations at least 2 years to build out such systems and by making funding available immediately without a local match requirement.

Finally, I must emphasize the need for increased federal funding for public television station operations to offset dramatic declines in revenue from non-federal sources of funding. Individual contributions, corporate underwriting, foundation and State support constitute 85 percent of our total operating revenue. Every day brings more news of station programming, personnel, and service cuts. Some stations are in a fight for survival.

In Idaho we are projecting that the State will reduce our fiscal operating budget by nearly \$300,000 from the previous year and will eliminate our \$1.1 million request needed for capital equipment for our last major piece of the State-wide digital conversion. Think DTV fill-in translators here.

Finally, public broadcasting provides important educational programming, especially for pre-school children. We are the most trusted source of news and information at a time when media are increasingly fragmented and newspapers are failing. We are virtually the only source remaining for cultural arts TV programming. We ask for the support of the members of this authorizing committee for increased federal funding so that public television may weather this economic typhoon and continue to provide innovative public media content and outreach to help all Americans do the same.

Thank you very much for this opportunity, and I will look forward to answering any questions that you might have.

[The prepared statement of Mr. Morrill follows:]



**Testimony of Peter W. Morrill,  
General Manager, Idaho Public Television,  
Before the House Committee on Energy and Commerce  
Subcommittee on Communications, Technology, and the Internet  
March 26, 2009**

Mr. Chairman and Ranking Member Stearns, thank you for the honor of testifying before you today on behalf of Idaho Public Television and the Association of Public Television Stations (APTS). The transition to digital-only broadcasting is obviously foremost on my mind and the minds of my public television colleagues, and we appreciate your focus on ensuring that the nation navigates the transition successfully.

Idaho Public Television is governed by the Idaho State Board of Education, and is based in the capital city of Boise, with additional staffed facilities in Moscow and Pocatello. Over the past 44 years, Idaho Public Television has grown from a single station to a network of five analog and five digital transmitters and 39 translators that collectively reach more than 97 percent of Idaho's population, as well as portions of six other states and Canada, over the air. Idaho Public Television, like its public television counterparts across the nation, has embraced the added capacity digital broadcasting offers to the citizens of Idaho with expanded educational and informational content. We currently use our digital spectrum to broadcast statewide four simultaneous streams of both national and local programming: our primary channel, our high-definition channel, the education-focused Learn channel, and the World channel, which features news, history, and travel programming. When the Idaho House and Senate are in session, we break into our normal Learn and World programming to air their full gavel-to-gavel proceedings live throughout the state.

Many of our estimated 400,000 over-the-air viewers have taken part in the Converter Box Coupon Program or purchased new digital televisions and are already enjoying the benefits of

digital television. Our experiences with soft shutoffs, and our colleague stations' early analog terminations, have been smoother than many anticipated or feared. Some viewers have experienced disruptions, but many of the problems they experience, mostly related to converter box and antenna installation and operation, are easily resolvable when local broadcasters and their partners, with expertise in the communities, have the resources to conduct hands-on community outreach.

But some viewer reception issues will not be easily or inexpensively solved. Some people live within a station's primary service area and are blocked by challenging geography from receiving digital signals. I come to you from a state whose geography has always been, and will continue to be, a challenge to the human spirit. In September 1805, our Bitterroot Mountains nearly repelled the Lewis and Clark expedition. The Oregon Trail, that crosses our southern desert reaches, has been called "the longest cemetery in the world" due to the terrible toll that it took on pioneering families. Idaho is a remarkable place of contrasting altitudes and attitudes, its geology imposing its will on our human efforts. And that truth continues into the digital age.

Idaho Public Television has identified six areas, primarily located in rugged terrain, that despite their best efforts will not be able to receive public television signals in digital that they have historically gotten in analog. In late December 2008, the Federal Communications Commission (FCC) addressed this need for digital television "fill-in" service, but many stations lack the financial means to license and build these systems in time for the June 12, 2009 shutdown. Simply put, challenges remain as we approach June 12, but legislative encouragement and additional funding can help us ensure the smoothest transition possible and minimize the permanent loss of over-the-air service, especially in rural areas.

For the past several years, Idaho Public Television has been committed to ensuring a trouble-free digital transition for all the citizens of our state. Since last July 1 alone, Idaho Public Television has broadcast more than 52 hours of digital television consumer education announcements on our statewide analog television system. Our efforts were bolstered in January by the \$35,000 consumer assistance grant we received from the FCC. Our success in reaching the most vulnerable populations in our state, and the similar success of the four other public television recipients of the FCC grants, reinforces what we have long stated—that public television stations, given adequate resources and time, are ideally situated to provide the high-level consumer outreach and assistance needed in these final weeks of the digital conversion. With an additional \$90 million from the stimulus package dedicated to consumer outreach surrounding the coupon program, we are hopeful that many more public television stations will receive the resources to promote an expanded viewer education effort, including the walk-in centers and, especially, the in-home assistance that we believe will be needed both in the days leading up to stations' transitions, and in the days and weeks following.

Finally, we hope that members of this authorizing committee will support increased federal funding for public television to offset the dramatic declines in revenues from other sources and to help local public television stations deliver the promise of digital broadcasting—with multiple streams of unique educational content—to all Americans.

**Much Work Has Been Done, But Some Challenges Remain**

For the past five years, Idaho Public Television, like other broadcasters, has conducted a comprehensive campaign to inform viewers of the new exciting services available through digital television, and to assist them with the analog shutoff. This effort has seen positive results: the National Association of Broadcasters recently reported that 97 percent of all households

nationwide are either aware that television is switching to digital, knowledgeable that the transition will impact over-the-air signals, or able to identify the correct transition date. Idaho Public Television will keep all of our five analog transmitters on-line until June 12, so we have not directly confronted the ultimate test of the digital conversion. But our four local soft analog shutoffs tests, and the early analog terminations by stations across the country, have taught us all that while a totally seamless transition is perhaps impossible, there is much more we can do, given sufficient resources, to address the remaining challenges.

The first and most basic challenge before us is that, despite extensive on-air and on-the-ground consumer outreach, a portion of the population remains unprepared for the analog shutoff. This is particularly problematic in markets such as Idaho that have a high percentage of over-the-air households. Though it is difficult to track the rate of conversion in smaller markets, where television viewing is not monitored by electronic meter, Nielsen tells us that as of November 2008, 18.3 percent of homes in the Boise market still were unprepared for the transition, compared to 7.7 percent nationwide. While we estimate this number is down nearly 25 percent from a year before, it does show that as of a few months ago, nearly one in five households in Boise either hadn't gotten the message about the digital transition, had decided not to do anything about it, or cannot do anything about it. We believe that many of those people are part of at-risk populations, especially the elderly or low-income. Thus, in some parts of the country, it appears that basic outreach may still be needed.

The second challenge is that, as we have suspected, and as the early analog shutoffs of many stations have proven, even when people believe they are ready for the transition, they often encounter problems anyway. For financial or logistical reasons, approximately 40 percent of public television stations terminated their analog service on or before February 17, 2009.

Stations received anywhere from dozens to hundreds of calls from viewers in the days after February 17. In most of these cases, these callers were aware of the transition and had obtained a converter box, but had problems with converter box installation or operation, or with antenna placement and reception. For example, WSIU, a public television station in southern Illinois, received calls from many viewers who had been directed by a local big-box store to purchase an antenna that was actually UHF-only. Because the station moved its digital operations from the UHF band to the VHF band as part of its federally mandated transition, these viewers had been able to receive the station in digital before the station made its final transition, but now needed to go out and purchase a new antenna. To solve these types of problems, it is crucial that telephone help centers are staffed with well-trained personnel who are equipped to address complex, technical and location- and station-specific issues.

The early analog shutoffs have also reinforced something we have discovered in our outreach at Idaho PTV: There is a significant, overarching need for in-home assistance for converter box and antenna installation and operation. Over the past year, we have had no more than three people actually walk into our offices with their converter box or antenna, seeking assistance. However, we have received hundreds of calls from viewers, most of them elderly, who need someone to come into their homes, install their converter boxes, and adjust their rooftop antennas. Clearly, sending qualified technicians to people's homes to help creates significant staffing, budgeting and legal hurdles that are difficult to surmount under current circumstances. But this need will continue in the days and weeks leading up to and after stations' analog terminations, as more viewers realize that they are ill-equipped to make the transition. Again, we have found this need for in-home assistance especially acute with elderly populations that we serve, who live on modest fixed incomes.

The third challenge is that even if viewers are aware of the transition, even if they have done everything possible to prepare themselves, some simply will not be able to get all of the same stations they did before the transition because of the differences between the analog and digital technologies. In some cases, this is because stations have experienced a reduction or change in their service contour as a result of the switch to digital. In other cases, viewers within the service contour may lose coverage because of the digital “cliff effect.” In analog, television signals deteriorate gracefully. You get a picture, good or snowy, but you still get a picture. But in digital, there can be areas where viewers do not receive a signal at all due to geographic or other obstructions, particularly when a station moves from its assigned VHF channel to its assigned UHF channel. UHF signals are less reliable where the terrain is mountainous.

As an example, the FCC estimates that our fully maximized Boise station, KAID, will not reach 11,512 people in primarily mountainous communities because of differences in the propagation of the federally assigned UHF digital channel. Luckily some of these communities have been historically served by our translator systems and will continue to receive service after June 12, 2009. But many of these rural areas will need new digital television “fill-in” service, including the communities of Idaho City, parts of Emmett, Glenns Ferry, Boise Front/Harris Ranch, Wood River Valley and the Portneuf Valley. This situation is especially critical given that five of these six areas are seats of county government.

Late last year, after years of complaints from broadcasters and viewers, the FCC announced that it will permit stations to use Distributed Transmission Systems (DTS) and/or digital terrestrial translators (DTT) to fill in areas not well served by digital transmitters. This was an important step, but because of the short timeframe and the current desperate economic

situation in which stations find themselves, it will be extremely difficult to deploy these systems in a timely fashion.

As I have noted, we have identified six high-priority areas that will require DTS or translator fill-in service. However, we need \$600,000 to pay for the equipment, and we do not have funding in place at this time. Furthermore, FCC rules require that DTS or replacement translator systems be built within 180 days of receipt of a construction permit, and the federal funding sources that we typically look to for assistance, including the Public Telecommunications Facilities Program (PTFP) at the National Telecommunications and Information Administration (NTIA) and the Rural Utilities Service (RUS) at the United States Department of Agriculture, do not have timeframes that would enable a build-out within 180 days, or before the June 12, 2009 deadline. In addition, some of these federal grants require a local match of at least 25 percent. Given the large size of the “fill-in” project and short deadlines, this match requirement may pose an insurmountable challenge to Idaho Public Television in these tough economic times. We have spoken to, and filed comments in January with, the FCC regarding this issue and are hopeful the Commission will revise this rule to help public and commercial television stations use these technologies to enhance their digital service. Even if this occurs, however, the current federal grant programs are under-funded to meet demand and require a substantial local match, which at this time is going to be problematic at best, impossible at worst, given current economic realities.

Continuing in analog for an extra four months has placed a significant financial burden on Idaho Public Television and other public television stations. In January, the Public Broadcasting Service (PBS) estimated that the delay would cost the entire system \$22 million; my own organization is currently in need of \$30,000 in additional funding for energy costs alone

to provide continued service to June 12. This effort compounds the difficulties public television stations are already suffering in the current economic climate. Every revenue source upon which public television depends is under siege. State funding represents 25 percent of our budget, but for the current fiscal year 2009, the State of Idaho has required us to cut \$165,900 worth of already appropriated state funds intended for the replacement of needed equipment related to the digital conversion. In addition, we are projecting that the state will permanently reduce our fiscal year 2010 operating funding by \$295,200 as compared to the beginning of fiscal year 2009. The state also eliminated our fiscal year 2010 request for needed capital equipment funding for our last major piece of the statewide digital conversion totaling \$1,123,300, which was approved and supported by the Idaho State Board of Education. Private funding, which represents 61 percent of our budget, is down for our stations, but it seems we are better situated than many of our public television colleagues, who are seeing 30 percent or greater declines.

Until we are able to overcome these financial obstacles, numbers of Idaho citizens throughout our viewing area may be left without service. Thus, I respectfully request this Committee's assistance to support digital television "fill-in" service by expanding the build-out window rule to a minimum of two years and by making funding available immediately and without a local match requirement, to enable service to rural areas and seats of county government as a priority.

#### **Taking the Final Steps Toward A Successful Transition**

Idaho Public Television is now moving toward the end of what has been an intensive 18-month consumer education campaign. In January, we were excited to receive a consumer assistance grant from the FCC that has helped us supplement our existing outreach efforts. We were conservative in our request and our assessment of how we could use the money in such a



brief period of time before the old “hard date” of February 17, 2009, and we have spent the \$35,000 grant in a targeted and effective manner.

The money permitted us to hire an additional full-time engineer to respond to technical over-the-phone and e-mail inquiries until mid-March. It allowed us to produce two additional live call-in shows, one thirty minutes and the other sixty minutes, with follow-up assistance from engineers beginning in early January and through mid-March. It enabled us to contract with a call center to provide after-hours, quality assistance to viewers. And it enabled us to produce six additional informational spots discussing specific impacts on viewers in fringe areas, the importance of antenna placement and type, channel changes from VHF to UHF, the need to rescan or enter channels after hooking up a converter box, and the impact the transition will have on viewers who receive their television via translators.

Other public television recipients of the FCC grants have engaged in similar and additional initiatives. WOSU in Columbus, Ohio, has teamed with the Central Ohio Area Agency on Aging and the LifeCare Alliance to train their staff and volunteers to install converter boxes in homes and senior residences. Wisconsin Public Television brought on board a new Special Populations Outreach Coordinator to travel the state focusing on “hard to reach” populations. WXXI in Rochester, New York, trained a team of installers to provide in-home assistance to those identified by the station as needing additional assistance.

We have done much, but with more money, we and our public television colleagues could do much more. Thus, we are gratified that Congress specified that \$90 million of the funds dedicated to the Converter Box Coupon Program in the recent stimulus law may be steered toward consumer outreach, and we are hopeful that NTIA and the FCC will direct much of this funding toward public television stations, who are particularly well suited to help consumers in

the final months, weeks, and days of the digital transition—and even in the days and weeks afterward. Provided with adequate resources, local public television stations have a unique combination of technical expertise, public trust, and unmatched access to the local community that will enable them to take the steps we suggest are needed in these final weeks:

- **Organize Local Telephone Help Centers.** Stations can offer local expertise regarding location specific reception issues, and station technical staff can provide higher-level resources to address complex problems.
- **Establish Walk-in Help Centers.** Stations can provide assistance with installation and reception issues, offer information on the availability of converter boxes and antennas at local retail establishments, and distribute converter boxes.
- **Coordinate On-site Installation of Converter Boxes and Antennas.** Stations can track calls and visits to help pinpoint individuals who need in-home assistance, and can work with partner agencies—including meal delivery services, electronics retailers, and elder services organizations—to organize, conduct and supervise installation of converter boxes and antennas at residences of at-risk populations.
- **Broadcast Live Call-in Programs.** Stations can have engineers and technical staff on hand to respond to viewers during and after programs, and make programs available for viewing on-line.
- **Initiate and Maintain Communications with Over-the-Air Viewers.** Stations can contact members that are known to be over-the-air viewers and offer follow-up assistance to ensure successful transitions.

- **Provide Post-Transition Assistance.** Stations can continue telephone and walk-in help centers and in-home assistance in the weeks after the transition.

I encourage the members of this Committee to advocate to the FCC and NTIA the invaluable role that public television stations have played throughout this consumer education campaign and can continue to play during the end game, given adequate resources.

Finally, in my rare moment in front of this committee, which has critical authorizing jurisdiction over broadcasting matters, I must emphasize the need for increased federal funding for general public television station operations and capital projects to offset the dramatic declines in revenues from other sources of funding— individual contributions, corporate underwriting, and states — that constitute 85 percent of public broadcasting’s total operational revenue. Data compiled from a survey conducted by APTS in January and February projects a decline in non-federal revenue of fifteen percent in 2009. The estimates for 2010 are even bleaker. And every day brings more news of station programming, personnel and service cuts. General Motors recently announced the end of its 22-year underwriting relationship with legendary filmmaker Ken Burns which has been critical in creating documentaries like “The Civil War,” “Jazz” and “Baseball.” WETA, here in our nation’s capital, upon which the public television system relies for such outstanding programs as *The News Hour*, announced a 13 percent reduction in workforce. Thirteen/WNET and sister station WLIW in New York announced in January that they would be cutting their combined budget by 8 percent and reducing their staffs by 14 percent, or about 80 positions. Last month, Pennsylvania Governor Ed Rendell presented a budget that completely eliminated funding to the state’s eight public television stations, which had received more than \$12 million the previous year.

The funding and revenue decreases do not reflect a waning of enthusiasm for public television, but show that public television is inevitably caught up in the cross-currents of economic contraction. Ironically, on the verge of the digital transition, when public television stations are emerging as truly multi-platform digital public service media capable of serving our communities with unprecedented effectiveness, we are facing dramatic cuts and, in the case of some stations, a fight for survival. The digital transition holds great promise to provide greatly expanded content, and public television stations are already using these new capabilities to advance education, public health and safety, and job training. We ask for the support of members of this authorizing committee for increased federal funding so that public television may weather this current economic typhoon and continue to provide innovative content and unparalleled outreach to help all Americans do the same.

Mr. Chairman and Ranking Member Stearns, I thank you for this opportunity to share with you public television's experience with the digital transition and to offer our services as an invaluable partner as we all strive to make sure our most vulnerable citizens are prepared to receive the full benefits of digital. All of us in public television look forward to continuing to work with you as you consider the important final steps necessary to a successful transition, and as Congress considers our funding requests and other issues of importance to public broadcasters.

Mr. BOUCHER. Thank you very much, Mr. Morrill.  
Mr. Lloyd, you are recognized for 5 minutes.

#### STATEMENT OF MARK LLOYD

Mr. LLOYD. Thank you very much. It is an honor to be here. Thank you very much and really appreciate the leadership of this committee and especially Chairman Emeritus Dingell for sort of following these issues so closely and vigorously over the years.

My name is Mark Lloyd. I am the Vice President for Strategic Initiatives of the Leadership Conference on Civil Rights and Leadership Conference on Civil Rights Education Fund. LCCREF is a national social justice organization working to establish equal opportunity in America through education and public outreach.

We have been working on informing the public about the digital television transition for about 2 years now, and this work includes participating in the DTV Steering Committee and on the DTV Coalition, presenting at national conferences, and thanks to a grant from NTIA working on the ground in seven markets since last December to assist vulnerable populations make the transition to digital television. These populations include the poor, ethnic minorities, senior citizens, and people with disabilities.

We are working in Portland, in the Seattle, Tacoma market, in the San Francisco Bay area, San Antonio, Minneapolis, Atlanta, and yes, Mr. Dingell, Detroit. We are assisting with people, filing applications for the DTV converter boxes request, helping people identify and acquire the converter box most appropriate to their needs, working to help people set up the equipment in their homes to continue to receive over-the-air television service.

We believe, as we think Congress intended, that all Americans should have access to free, over-the-air television service, and our work on the ground has confirmed that free, over-the-air service is a vital lifeline for many in our communities.

We would like to thank Congress again for adjusting the DTV or the TV Translator Program and authorizing NTIA to distribute additional funds for our educational work, and it is this funding that makes our work possible in the seven cities. And we would like to thank you for extending the transition date to June 12 and providing additional funds to support the educational and outreach effort.

We can assure you that many Americans in the communities that we were working in were frankly panicked, were panicked in December when they found out from NTIA that they had run out of funds and that they were establishing a waiting list for coupons. More time was clearly needed to prepare for this transition. We can also assure you that we have made very good use of taxpayer dollars in our outreach to vulnerable communities.

In the seven markets that we have opened up over 16 DTV assistant centers established relations with a couple of dozen DTV partners and provided direct assistance for roughly 20,000 individuals in several different languages. In each of our cities we have established coupon exchange programs. Our DTV assistance centers and other partners help roughly 100 walk-ins and telephone callers every day. We have connected community groups to both mainstream public and commercial media, and our work with eth-

nic media has allowed us to reach groups the ubiquitous TV PSAs did not reach.

All of our assistance centers were inundated with calls on February 17 and the 2 days that followed. Many of the calls were about reception problems, but for the most part they reflected general confusion about whether the transition was happening or not. These calls petered out after the first few days, but the confusion frankly still continues.

We are now providing daily news updates and reports to some 70 people working on the ground on our front lines. We call news articles and reports about what is happening with the transition that we get from our contacts here on the Hill, at the FCC, at NTIA, at the White House, and with the DTV Transition Coalition. But we also provide a central hub for all of our different partners to learn and share with each other how best to reach these most vulnerable, hard-to-reach communities.

One of the key problems, continuing problems is the reception. A converter box is simply not enough. Many of the calls that we get are folks who need new antennas. Sometimes they need powered antennas. We have found the FCC's online map very useful in helping to identify potential signals at locations, but we have also found DTV reception to be inconsistent in the same community and in the same apartment building.

Our local partners have been very careful to say we can provide general guidance, but we cannot predict what channels a viewer is going to be able to get. We believe that the work of identifying marginalized communities before the transition is vital. This is difficult work, but it is vital.

We have also called Long Call for a rapid response plan to identify and serve those households which for one reason or another will fall through the cracks. We believe this work will continue well past the mid-June deadline. We would very much like to continue to assist in the effort to help these vulnerable communities keep free over-the-air television service, was happy to hear Anna Gomez announce that we were going to get funding, but frankly we are still in negotiation, and we are not quite sure what that means as of this point.

I very much look forward to your questions. Again, thank you very much for your continued oversight and interest in these issues.

[The prepared statement of Mr. Lloyd follows:]



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The Digital Television Transition  
House of Representatives  
Committee on Energy and Commerce  
Subcommittee on Communications, Technology and the Internet

March 26, 2009

Testimony of Mark Lloyd  
Vice-President for Strategic Initiatives  
Leadership Conference on Civil Rights/LCCR Education Fund

My name is Mark Lloyd. I am the Vice-President for Strategic Initiatives at the Leadership Conference on Civil Rights and the Leadership Conference on Civil Rights Education Fund. LCCREF is a national social justice organization working to establish equal opportunity in America through education and public outreach. We have been working on informing the public about the digital television transition for over two years now. This work includes participating in the DTV Steering Committee and coalition, presenting at national conferences, and thanks to a grant from the National Telecommunications and Information Administration, we began working on the ground in seven markets last December to assist vulnerable populations make the transition to digital. These populations include the poor, ethnic minorities, senior citizens, and people with disabilities.

In Portland, Seattle/Tacoma, the San Francisco Bay area, San Antonio, Minneapolis, Detroit, and Atlanta we are assisting with filing applications for DTV converter box coupon requests, helping people identify and acquire the converter box most appropriate to their needs and working to help people set up the equipment to continue to receive over the air television service. We

believe that all Americans should have access to free over the air television, our work on the ground has confirmed that free service over the public airways is a vital lifeline in our communities.

We would like to thank Congress for adjusting the TV Translator program and authorizing NTIA to distribute additional funds for educational work. It is this funding that has made our work in the seven cities possible. And we would like to thank you for extending the transition date to June 12 and providing additional funds to support the educational and outreach effort. We can assure you that many Americans in the communities we are in were panicked once NTIA announced they had run out of funds and were establishing a waiting list for coupons. More time was needed to prepare for the transition.

We can also assure you that we have made good use of tax payer dollars in our outreach to vulnerable communities. In our seven markets we have opened up 16 DTV Assistance Centers, established relations with another 20 DTV partners and have provided direct assistance to roughly 20,000 individuals in several different languages. In each of our cities we have established coupon exchange programs. Our DTV Assistance Centers and other partners help roughly 100 walk-ins and telephone callers every day. We have connected community groups to both mainstream public and commercial media. And our work with ethnic media has allowed us to reach groups the ubiquitous TV psa's did not reach.

All of our assistance centers were inundated with calls on February 17 and the two days that followed. Many of the calls were about reception problems, but for the most part they reflected a



general confusion about the transition. The calls petered out after those first few days, but the confusion still continues.

We are now providing daily news updates to some 70 people working on our front lines. We cull news articles and reports that we get from our contacts here at the FCC, at NTIA, the White House, the Hill, and the DTV Transition Coalition. But we also provide a central hub for all of our different partners to learn and share with each other.

One of the key problems continues to be reception. A converter box is sometimes simply not enough, many of those who call us need new antennae, sometimes they need a powered antennae. We have found the FCC's new online map very useful in helping us identify potential signals at a location. We have also found DTV reception to be inconsistent not only within the same community, but within the same apartment building. Our local partners have been careful to say they can provide general guidance but cannot predict what channels a viewer should get.

We believe the work of identifying marginalized communities before the transition is vital, but we have also long called for a rapid response plan to identify and serve those households which, for one reason or another, fell through the cracks. We believe this work will continue in the weeks past mid-June.

We would very much like to continue to assist in the effort to help vulnerable communities keep their over the air television service. As of today, we are all up in the air as to whether we will be

funded and as to whether we will be able to continue to play our role as a vital hub and continue to fund our partners.

Thank you for the opportunity to talk about our work. I look forward to your questions.

Mr. WEINER [presiding]. Thank you for testifying, Mr. Lloyd.  
Mr. Prather, you are recognized for 5 minutes.

**STATEMENT OF ROBERT S. PRATHER, JR.**

Mr. PRATHER. Thank you, Mr. Weiner, Mr. Dingell. My name is Robert S. Prather, Jr. I am President of Gray Television, and I want to thank you for inviting us to speak here today.

Gray Television is a public company listed on the New York Stock Exchange, headquartered in Atlanta, Georgia. We currently own 36 stations in 30 markets, TMAs 58 to 188. In addition, we are broadcasting 40 digital channels on our digital spectrum through the multi-cast. We have got 17 CBS, 10 NBC, 8 ABC, and 1 lonely FOX.

We are very proud of the fact that we have got 24 stations out of our group that are number one leaders in their markets, 16 have been number one for 50 straight years or more, which tells you we have got a long history of being a part of the fabric of these communities. We have one station in Huntington, Charleston, West Virginia, that is celebrating its 60th anniversary, and it has been number one every day since it has been on the air. So very proud of that.

But as of February 17, 28 Gray stations transitioned to DTV. We believe our stations give a great case study of how preparation, community outreach, and willingness to go the extra mile can prepare viewers for DTV. One thing we said right up front was we want one viewer at a time, and we had every one of our managers committed to making sure we took care of every single viewer that called or came to the station, e-mailed, however they wanted to contact us. We made sure that they got taken care of.

We spent over \$60 million getting ready for digital television in both transition equipment and high definition equipment, and we spent heavily on education and production of education material for the consumer. Our approach can best be summed up by Brad Ramsey, our manager in Charlottesville, Virginia, who said, "We saw the education process as an opportunity, not a burden."

And in response to FCC Educational Initiative, we started company-wide coordinated consumer education program in March of 2008. Our stations exceeded the commission's call for education by consistently airing more public service announcements, informational calls, and 30-minute informational segments that the agency rules required. Our stations extended the consumer education by regularly including DTV transition in our newscast. In addition, many of our stations participated in market-wide voluntary soft tests that showed viewers what would happen if they were not prepared for the DTV transition.

Earlier this year it was clear that there was a small percentage of television viewers that would not be ready on February 17. For broadcasters a delay could mean many forfeited dollars for tower crews and months of extra utility bills to keep two transmitters going. I think Congress wisely balanced the competing needs of unprepared viewers and broadcasters in the DTV Delay Act.

Gravely, this station's markets were ready on February 17. Furthermore, we believe the viewers would face the same type of difficulties whether transition occurred in February or in June. I per-

sonally task all our general managers with assessing whether to proceed with the transition as scheduled or to delay. Our general managers were instructed to consider a number of factors, including market readiness, individual viewer feedback, schedules for tower and equipment work, and whether the station was moving to a different post-transition digital channel and transmitter utility costs.

Twenty-two of our stations moved forward on the transition plan. Eight stations decided to stay with the analog. In fact, one of our eight stations, WHSV in Harrisonburg, Virginia, initially moved with the transition but then reassessed its decision 4 days later and requested authority from the commission to resume analog broadcasts. WHSV's location in the Shenandoah Valley in Virginia left it susceptible to a loss of service in several communities because the station's digital signal was blocked by mountainous terrain.

Although the majority of the viewers in the market were ready for the transition, our general manager made the decision to resume analog broadcast in order to use the additional time to seek alternative methods to serve these communities. Specifically, WHSV is working to acquire and convert TV translator stations to carry WHSV's digital signal to those areas where they may experience a total loss of service.

The number and complexity of viewer calls received on or immediately after each station's transition varied significantly by market. Yet in all markets certain trends were clear. As expected, the volume of calls peaked on stations transition day, declined steadily every day thereafter. The majority of the issues could be resolved by providing instructions over the phone, and station employees went to extraordinary lengths to aid the handful of viewers who could not be helped by over-the-phone instructions. In many markets we had station employees that made house calls to assist viewers who had more complex problems.

Over and over again Gray stations found that the calls fell in the same basic categories; improper installation of converter boxes, the need to rescan DTV sets or converter box in order to receive the stations on new digital channel, and antenna issues associated with stations that were moving from VHF to UHF channels or vice versa. In Gray's experience questions on how to obtain a coupon or about the status of a coupon wait list represented a very small fraction of the calls and even fewer from individuals who were not aware of the digital transition.

For Gray the digital transition has been a positive experience. The majority of Gray's viewers are ready for DTV, but the viewers who were not fully ready, the majority of their specific concerns could not have been identified or resolved until a core group of stations completed the transition.

I appreciate the opportunity to appear before the subcommittee and look forward to any questions you might have. Thank you, sir.  
[The prepared statement of Mr. Prather follows:]

TESTIMONY OF ROBERT S. PRATHER  
PRESIDENT AND CHIEF OPERATING OFFICER OF  
GRAY TELEVISION, INC.,  
BEFORE THE U.S. HOUSE SUBCOMMITTEE ON COMMUNICATIONS,  
TECHNOLOGY AND THE INTERNET

March 26, 2009

Chairman Boucher, Ranking Member Stearns and the other distinguished Members of the Subcommittee, I am Robert Prather, President and Chief Operating Officer of Gray Television, Inc. Thank you for inviting me to speak today on the experiences of the Gray stations in completing the digital transition.

Gray Television, Inc. is a television broadcast company with headquarters in Atlanta, Georgia. Our primary mission is to provide quality news, weather, sports, and entertainment services in the thirty small and mid-size markets served by our thirty-six full- and low-power television stations. We are proud that a Gray station provides the first or second ranked news program in each of the markets we serve. Our stations are affiliates of the "Big Four" networks. Seventeen are affiliated with CBS, ten with NBC, eight with ABC, and one with FOX. In addition, Gray stations collectively operate forty digital secondary multicast channels, including one ABC, five Fox, eight CW and sixteen MyNetworkTV affiliates, plus eight local news/weather channels and two independent channels.

As of February 17, twenty-eight Gray stations completed the DTV transition. Of these, six stations transitioned in the months leading up to February 2009, thirteen transitioned on February 16, and nine transitioned on February 17. (See Appendix A)

Eight Gray stations continue to broadcast in analog. Of these stations, one will complete its DTV transition on April 16, and the remaining seven plan to continue analog broadcasts until they complete their transition on June 12.

Gray stations' digital transitions provide useful case-studies of how preparation, community outreach, and a willingness to go the extra mile can prepare viewers for DTV. Gray has been planning for the digital transition for over a decade. In the process, it has invested more than sixty million dollars to purchase and install new transmission equipment and high definition studio equipment. Additionally, Gray has invested heavily in the production and broadcast of consumer educational material about the digital transition.

Gray's approach to consumer education is encapsulated in a statement by the General Manager of WCAV(TV), Gray's Charlottesville, Virginia station: "We saw the education process as an opportunity, not a burden." In response to the FCC's consumer education initiative, Gray launched a company-wide coordinated consumer education effort in March 2008. Our stations exceeded the Commission's call for education by consistently airing more Public Service Announcements, informational crawls, and 30-minute informational segments than the agency's rules require. Our stations also extended consumer education efforts into their newsrooms by regularly including DTV transition information in local newscasts. In addition, many of our stations participated in market-wide voluntary "soft-tests" that showed viewers what would happen if they were not prepared for the DTV transition.

Early this year, it was clear that a small percentage of television viewers would not be ready for the nation's DTV transition on February 17. At the same time, industry

observers recognized that television broadcasters had spent several years planning for a February 17 digital transition. For broadcasters, a delay would mean forfeited deposits for tower crews and months of extra utility bills to keep analog transmitters on the air. Congress wisely balanced the competing needs of unprepared viewers and broadcasters in the DTV Delay Act. The legislation permits - but does not require - stations to continue providing analog service until June 12, 2009. And Congress specifically stated that "[n]othing in this Act" would preclude a television station from terminating analog service in accordance with the FCC's regulations then in effect.

Gray believed its stations and the markets they served were ready for the transition on February 17. Furthermore, Gray believed that viewers would face the same types of difficulties regardless of whether the transition occurred in February or June. Nevertheless, once Congress decided to delay the DTV transition date, I tasked each station's General Manager with assessing whether to proceed with the transition as scheduled or to delay it. General Managers were instructed to consider a number of factors, including market-readiness, individual viewer feedback, schedules for tower and equipment work, whether the station was moving to a different post-transition digital channel, and the transmitter utility costs – which for some stations exceeded \$10,000 a month and was an expense for which these station had not budgeted.

Twenty-two Gray stations moved forward with their transition plans, while eight stations decided to delay their transition. In fact, one of the eight stations - WHSV, Harrisonburg, Virginia, initially moved forward with its transition on February 16, but reassessed its decision four days later, and requested authority from the Commission to resume analog broadcasts. WHSV's location in the Shenandoah Valley left it susceptible

to loss of service in discrete communities because the station's digital signal was blocked by mountainous terrain. Although the majority of the market was ready for the transition, WHSV's General Manager made the decision to resume analog broadcasts in order to use the additional time to seek an alternative method to serve these communities.

Specifically, WHSV is working to acquire and convert TV translator stations to carry WHSV's digital signal into those areas which may experience a loss of service.

The twenty-two Gray stations that moved forward with the transition immediately increased their consumer education campaigns based on the FCC's requirements. The stations then individually expanded their efforts based upon the particular needs of their communities. For example, in Lansing, Michigan, WILX conducted "Turn off Tuesday" soft tests. During the *twelve weeks* leading up to the February transition, WILX performed a soft-test four times a day each Tuesday. During the soft tests, the station aired separate messages on its analog and digital channels indicating that viewers who saw a green background were ready for DTV but those who saw a red background were not. The "red screen" notices also included information explaining the steps a viewer needed to take to be ready for the transition. At KOLN in Lincoln, Nebraska, the General Manager participated in a local radio talk show about the DTV transition. Moreover, numerous stations participated in or hosted walk-in centers, where viewers could obtain in-person assistance on a variety of DTV issues, such as how to install a converter box or how to re-scan a converter box or digital television.

The number and complexity of the viewer phone calls received on, and immediately after, each station's transition date varied significantly by market. Yet, in all markets, certain trends were clear. As expected, the volume of calls peaked on a station's



transition day and declined steadily every day thereafter. The majority of issues could be resolved by providing instructions over the phone, and station employees went to extraordinary lengths to aid that handful of viewers who could not be helped by over-the-phone instructions. In many markets, station employees even made house calls to assist viewers solve more complex problems.

Gray's KOLO-TV in Reno, Nevada was the first station in its market to end analog broadcasts. KOLO understood it would bear the brunt of answering viewers' questions. Realizing that many viewers would need personalized assistance, KOLO took the approach that the DTV transition would need to happen "One Viewer at a Time" in Reno. To be able to provide this level of assistance, KOLO management prepared a DTV transition flow chart so that *every* KOLO employee could walk a viewer through the major transition issues. KOLO has shared its experience, lessons learned, and other transition tips with the other stations in its market to ensure the June transition goes just as smoothly.

Over and over again, Gray's stations found that the calls fell into the same basic categories: improper installation of converter boxes, the need to rescan DTV sets or converter boxes in order to receive stations on their "new" digital channel, and antenna issues associated with stations that were moving from VHF to UHF channels, or vice versa. In Gray's experience, questions on how to obtain a coupon or about the status of the coupon wait-list represented only a fraction of the calls, and even fewer were from individuals who were not aware of the digital transition.

The FCC also deployed significant resources to assist stations making the transition in February. In many markets, Commission staff was on hand to assist stations

in fielding consumer questions and staffing walk-in and call-in centers. Gray stations uniformly received high marks from the agency's staff for their preparation and handling of the transition. At WIFR in Rockford, Illinois, the FCC staff was particularly impressed with the transition coverage of practical issues – such as converter box installation - provided during local newscasts. Indeed, the staff told the station's General Manager that they had "learned a lot and they would take that knowledge with them."

For Gray, the DTV transition has been a positive experience. The majority of Gray's viewers were ready for DTV, but for viewers who were not fully ready, the majority of their specific concerns could not have been identified or resolved until a core group of stations completed their transitions. Through the lessons learned by the stations that completed their DTV transition in February, the FCC has been able to carefully target additional DTV consumer education requirements going forward. Gray is confident that the information gathered during its stations' February transitions will make the final DTV transition in June even smoother for other broadcasters and their viewers.

Mr. Chairman, I appreciate this opportunity to appear before the Subcommittee and look forward to any questions that you may have for me.

**Appendix A**

Gray Television, Inc.

*DTV Transition Schedule*

These stations terminated analog service before February 16.

KBTX, Bryan, Texas  
 KXII, Sherman, Texas  
 WSWG, Valdosta, Georgia  
 KLBY, Colby, Kansas  
 WBKO, Bowling Green, Kentucky  
 KOLO, Reno, Nevada

The following stations terminated analog operations on February 16.

WSAZ, Huntington, West Virginia (WSAZ is providing 60 days of enhanced analog  
 nightlight service)  
 WCAV, Charlottesville, Virginia  
 WAHU-CA, Charlottesville, Virginia  
 WVAW-LP, Charlottesville, Virginia  
 WEAU, Eau Claire, Wisconsin  
 KOLN, Lincoln, Nebraska  
 WMTV, Madison, Wisconsin  
 WTAP, Parkersburg, West Virginia (WTAP provided two weeks of analog nightlight  
 service)  
 WIFR, Freeport, Illinois  
 WNDU, South Bend, Indiana (WNDU provided two weeks of analog nightlight service)  
 WIBW, Topeka, Kansas  
 WSAW, Wausau, Wisconsin  
 KUPK, Garden City, Kansas

\*WHSV terminated analog operations on February 16, but resumed analog operations on  
 February 20.

The following stations terminated analog operations on February 17.

KWTX, Waco, Texas  
 KAKE, Wichita, Kansas  
 KGIN, Grand Island, Nebraska  
 WILX, Onondaga (Lansing), Michigan  
 WCTV, Thomasville, Georgia  
 WOWT, Omaha, Nebraska  
 WYMT, Hazard, Kentucky

WRDW, Augusta, Georgia  
KKCO, Grand Junction, Colorado

The following stations continue to broadcast in analog, all will operate until June 12, except as noted.

WTOK, Meridian, Mississippi  
WVLT, Knoxville, Tennessee  
WTVY, Dothan, Alabama  
KKTU, Colorado Springs, Colorado  
WKYT, Lexington, Kentucky \* will terminate analog operations on April 16, 2009.  
WITN, Washington, North Carolina  
WJHG, Panama City, Florida  
WHSV, Harrisonburg, Virginia

Mr. WEINER. Well, thank you very much. I yield myself 5 minutes.

Mr. Prather, in some degrees you were the canary in the coalmine on a couple of issues. Right?

Mr. PRATHER. Yes.

Mr. WEINER. You have the transition, you even had one that transitioned back.

Mr. PRATHER. Yes.

Mr. WEINER. Is June going to be sufficient time for that station that transitioned to move the mountains and to—I mean, I see that there are structural problems that you face. Mr. Morrill referred to them as well.

Mr. PRATHER. That is a good question. I think the real issue in our particular case is they could get an analog signal in these mountains, but we are on channel three, which allows—is a better coverage in mountainous terrain. They could not get it on our digital channel, and we are working with the, actually with the county and the State, it is part West Virginia, part Virginia, to set up some translators, which we think we can get done by June where those people can still—they are not even in our market area, but they have been used to getting our signal for a long time, they like our local news. We are really the dominant broadcaster in that part of the country, and so we want to serve those people. So I think we will be able to, and you know, our manager made the decision to move back because she felt it was important to do the right thing in the community.

Mr. WEINER. Well, as I referred in the question to the panel and Mr. Copps referred to it as well, that this, you know, weird way, the glitch here and the delay has given opportunity for some testing that wasn't contemplated by the original law.

Mr. PRATHER. I think that is true, and I think, you know, people can learn from both the good things that happened with us and, you know, some of the things, questions. I think the biggest question that came up for us was antenna issues, which frankly we didn't anticipate it. We thought it would be more box issues but—

Mr. WEINER. Well, I have to tell you. Despite Mr. Shapiro's ammunition that we shouldn't have delayed it and we shouldn't delay it any further, there is—you are going to be getting a lot of people walking into your retailer saying, hey, what have you got for a mountain obstacle, or what have you got, I mean, I think that we have to be prepared for.

Mr. Lloyd, we have got about 15 percent of the population went through a transition of some sort, but it seems to me just sort of glancing at the list, they are not communities that have disproportionate numbers of English as second language, not a large number of communities that have high levels of need, not the type of communities that you were tasked with reaching out to.

All that being said, were there some lessons in those little pockets that you have now taken and said, oh, we are in for a mess, or that this isn't going to be so bad? Did you learn anything from that 15 percent population?

Mr. LLOYD. Well, mainly what we have learned is the real importance of high touch, direct assistance for some of these populations,

and that I think it is very easy for those of us who are relatively comfortable and sophisticated not to understand the confusion that is created with this transition. Even with people who have boxes, the idea that you need to rescan the box can be very confusing, and we have gone into homes with senior citizens, people who really view television as a lifeline service. And really they have been in tears at the confusion, thinking that they were going to be able to, they were going to lose television service.

So part of what we have learned is the real importance of being able to go in the homes, of being able to communicate directly in language, in Mong, in Vietnamese, and obviously Spanish and a wide variety of languages, that this is not going to be handled easily by a PSA campaign or something that is just going to reach the general population. These are tough populations to reach.

Mr. WEINER. You also have a cultural sense among many senior citizens that the television is essentially a piece of furniture, and it turns a switch, something goes on, and I think that one of the experiences that is going to be toughest is that the way we are taught to think about television, we are not used to the idea that bad reception means no reception. So that is a cultural thing that we need to, I imagine that we need to overcome as well.

Mr. LLOYD. Well, that is right. I mean, the other thing just very quickly is that a number of folks that we have talked to had cable service. They want over-the-air service. They don't think they can continue to actually afford to continue cable service. And so I think some of the concern about over-the-air television and the need for over-the-air television needs to be more fully understood.

Mr. WEINER. Uh-huh. Mr. Morrill, just, I am curious not because I represent a community like Idaho, but what—have you found that the fixes that you needed to do to deal with the mountainous terrain, have you, I mean, have you found that the technological fixes that your colleague is trying to explain how they work by and large?

Mr. MORRILL. Well, Mr. Chairman, I do want to point out that first of all the vast majority of our viewers that view over-the-air digital TV in Idaho are in great shape. We have got some great mountaintop transmitter locations that provide outstanding coverage, but we do have some persistent pockets, primarily in mountainous communities, that do need immediate attention by my organization, and I hope the Federal Government. These digital fill-in areas are going to be well served by the new guidelines set forth by the FCC.

We are hopeful that those guidelines will be updated so that local stations will actually be able to get them on the air in a timely basis, but it all comes down to, sir, funding. In this economic crisis especially now I am doubtful that given the current guidelines and funding that we aren't going to be able to get them on unless we have your assistance.

Mr. WEINER. The gentleman from Illinois recognized for 5 minutes.

Mr. SHIMKUS. Thank you, Mr. Chairman. I am going to try to go quickly.

Mr. Wood, how much has Univision paid in essence advertising in public, you know, announcements to prepare for the transition, the original one and edition two?

Mr. WOOD. You know, I can't give you a figure. It is a substantial amount, 100,000 PSAs, 30-second spots running in prime time and throughout the day is probably a fairly substantial value.

Mr. SHIMKUS. We are talking lots of money. Right?

Mr. WOOD. Lots of money.

Mr. SHIMKUS. And we want to thank you for that, because prior what we focused on, and we knew that the industry would step up to the plate, and they have done much, multiple more than what the government could do, and I would argue a better job of doing that.

Mr. SEVERSON, there was some opening statements, talk that mentioned the fact that we will run out of digital receivers. Do you believe that? That there won't be enough.

Mr. SEVERSON. There won't be enough converter boxes?

Mr. SHIMKUS. Yes. Converter boxes for people to buy. You probably have, Wal-Mart probably got enough for—

Mr. SEVERSON. I don't know that anyone has established what the right number is yet.

Mr. SHIMKUS. Right.

Mr. SEVERSON. And so that is a challenge for us to all figure out. As we react, the one thing we do, we greatly appreciate the information that the NTIA feeds us on a constant basis in terms of where those coupons are going, how—

Mr. SHIMKUS. Well, I bought my two from Wal-Mart.

Mr. SEVERSON. Thank you.

Mr. SHIMKUS. I want you to know. I got my coupons, I did it early, I listened to the great advertisements, and I have got my antennas, and they work. So let me—

Mr. SEVERSON. We appreciate your business.

Mr. SHIMKUS. Yes. Let me—Mr. Shapiro, in the debate on the floor when we, I think foolishly, delayed this, and I shouldn't mention this because he is not here, but Mr. Boucher promised me on the floor that we would not delay it any further. So I know that is your concern. I will, as he knows, will remind him of those statements that—oh, and there he is. Perfect timing, walking in the door.

Mr. Boucher, I was just saying how on the debate on the floor you were pretty strong about committing not to delay this any—you would do all in your power not to delay this anymore. So I was just relating that story and in hopes that that will be your continued position.

Mr. BOUCHER. Would the gentleman yield?

Mr. SHIMKUS. I would be honored to yield.

Mr. BOUCHER. You have an excellent memory.

Mr. SHIMKUS. And without notes from my staff. That is even better.

The—I want to ask for unanimous consent for a statement submitted by Qualcomm to be submitted in the record, Mr. Chairman.

Mr. BOUCHER. Without objection.

[The information appears at the conclusion of the hearing.]

Statement Submitted by

Mr. Bill Stone  
Senior Vice President &  
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Qualcomm

Prepared for the

Hearing on

Oversight of the Digital Television Transition

Before the Subcommittee on Communications, Technology and the Internet  
Committee on Energy and Commerce  
U.S. House of Representatives

Thursday, March 26, 2009



**Introduction**

Qualcomm thanks the Members of this Subcommittee for the opportunity to comment for the record as the Subcommittee conducts oversight of the digital television transition.

Qualcomm is a commercial licensee of 700 MHz spectrum, and has invested hundreds of millions of dollars to launch a mobile television service in this spectrum, called MediaFLO. We applaud the Subcommittee for its role in 2006 in enacting the original February 17, 2009, hard date for the transition. The certainty of the hard date has allowed innovators, such as Qualcomm, to plan for and invest in exciting new technologies for deployment in the spectrum that will be cleared. Wireless innovation was one of the major goals of the Digital Television Transition and Public Safety Act of 2005 (P.L. 109-171). Qualcomm has taken that goal to heart and has invested large sums of money in reliance on that hard date.

Because any additional delay beyond the June 12<sup>th</sup> hard date for the transition would be detrimental to wireless innovation generally and to the certainty upon which innovators rely for their investments, we were heartened by the comments of Chairman Boucher during the February 4<sup>th</sup> floor debate on the DTV Delay Act, when he said, "Let me offer assurance that it will be a one-time-only delay. Our committee will simply not entertain requests for any delay beyond the 12<sup>th</sup> of June. Our chairman of the full committee, the gentleman from California (Mr. Waxman), has been very clear about that. No requests beyond the 12<sup>th</sup> of June for a delay will be considered." We were similarly encouraged by the more recent comments of Secretary of Commerce Gary Locke at his March 18

confirmation hearing before the Senate Commerce Committee when he said, “We will not be seeking additional funds, nor will we be seeking an extension beyond the June 12<sup>th</sup> deadline.”

We urge the Subcommittee to use its oversight authority to ensure that as Chairman Boucher and Secretary Locke have both stated, the June 12<sup>th</sup> date is in fact the final DTV date, and there are no surprises as we approach the June 12<sup>th</sup>.

#### Qualcomm Overview

Qualcomm was founded in 1985 with a vision to innovate and develop advanced wireless services for commercial markets. Today, pursuant to that vision, Qualcomm is a leader and innovator in the development of digital wireless technologies including those based on Code Division Multiple Access (CDMA), Orthogonal Frequency Division Multiplexing (OFDM), and other advanced digital technologies. These solutions are used for a number of communications applications, including mobile cellular, fixed wireless access, broadband wireless access, and satellite services.

The “third generation” (3G) CDMA family of wireless technologies, including CDMA2000 and WCDMA/HSPA, is used in 3G wireless networks and devices here in the United States and around the world to enable consumers to enjoy advanced, high speed, and ubiquitous wireless services. Today, Qualcomm broadly licenses its technology to over 160 handset and infrastructure manufacturers around the world.

MediaFLO

Qualcomm launched MediaFLO in March, 2004. MediaFLO was designed literally from the ground up to address the unique technological and economic requirements for delivering high quality mobile multimedia content to mobile phones at mass market prices. Our system aggregates and delivers premium, TV-quality information and entertainment services to mobile phones over a dedicated, nationwide wireless network.

Qualcomm has invested hundreds of millions of dollars in MediaFLO, including providing the funding for the necessary research and development, network infrastructure costs, and in designing, building, and operating a system uniquely suited to deliver high quality video content to mobile phones.

Our business began with the purchase of spectrum licenses in an auction conducted by the FCC in 2003 (Auction 49). The FCC auctioned a portion of the UHF band (referred to as the “Lower 700 MHz”) and applied flexible technical and service rules to this band, including allowing up to 50,000 watts transmit power to facilitate new operations, such as MediaFLO. From the 2003 FCC auction and a subsequent secondary transaction, we hold licenses for 6 MHz on UHF Channel 55 (716 – 722 MHz) covering the entire nation. In addition, Qualcomm participated in the 2008 FCC auction (Auction 73) for 700 MHz spectrum, and spent \$558 million on spectrum licenses. In May 2007, the then President of MediaFLO USA, Ms. Gina Lombardi, was pleased to testify before this Subcommittee’s hearing on the Digital Future of the United States: The Future of Video. Ms. Lombardi provided a detailed description of how MediaFLO works in her testimony.

Under the FCC's current rules and decisions, MediaFLO is permitted to operate in certain markets, provided that we do not cause excessive interference to incumbent TV stations on the same or immediately adjacent channels, or if we reach agreement with an affected TV station subject to FCC approval. By following these guidelines, MediaFLO has been able to provide service in many markets around the country in advance of the DTV transition hard date. Currently, MediaFLO service is available through our wireless carrier partners in over 65 U.S. markets.

#### The Importance of the DTV Hard Date

Congress was correct to enact a hard date for the DTV Transition in 2006. Absent a statutory hard date, it is not clear that the United States would ever achieve a nationwide transition to digital. One of the goals of the transition – generating receipts to the U.S. Treasury – has already been achieved: receipts from the auction of spectrum licenses exceeded the expectations of many (\$19.6 billion was gained at the 2008 auction). In addition, wireless innovation in the spectrum is already underway, and will pick up in intensity once the transition occurs nationally. Finally, with the transition, public safety will at long last gain access to the spectrum that has been allocated to it for many years, creating opportunities for improving interoperability and deployment of new wireless broadband capabilities.

Furthermore, wireless has a critical role to play in the pressing social objectives of the day. From improving health care through telemedicine initiatives, to expanding the reach of broadband into unserved and underserved areas, wireless will play a significant part. The lifeblood of the wireless industry is spectrum, and clearing the 700 MHz spectrum is crucial to achieving these objectives.

In recognition of the importance of promoting consumer awareness about the DTV transition, MediaFLO has been airing public service announcements about the DTV hard date for more than a year. Many other industry partners have been doing their part to promote consumer awareness, and to assist in the process of converting analog households. Given that more than 96% of U.S. households are now ready for the digital TV transition, we are hopeful that the transition will move forward according to the existing schedule, and will be completed on June 12th. Indeed, of the nation's nearly 1,800 full-power television stations, a total of 641 stations (36%) terminated their analog signals as of February 17, 2009, and this has occurred to our knowledge with minimal, if any, consumer disruption. And now that the NTIA has announced that it has worked through its backlog of coupon requests, there would seem to be no basis whatsoever to contemplate any further delay in the transition.

### **Conclusion**

Qualcomm recognized early on the potential for 700 MHz spectrum. We are both a licensee, and an innovator in this band. MediaFLO has used all regulatory means available to get on the air in advance of the DTV hard date. While the early shut down process at the FCC is helpful, it is not possible to achieve a true nationwide footprint until the statutory deadline of June 12th goes into effect. We therefore respectfully request that the Subcommittee keep faith with wireless innovators, such as Qualcomm, who have invested heavily based on the hard date, and maintain the June 12th hard date.

Thank you for the opportunity to submit a statement for the record.

Mr. SHIMKUS. And it just points out, and Mr. Dingell is here, and I have heard him numerous times talk about the takings provisions of the Constitution. And one the reasons I had real problems with this legislation is because of the spectrum auction, a promise of a good, paid for, and then was taken away, because of the delay, the full use of the 700 megahertz spectrum was not used as initially negotiated, and I think the letter highlights that there was some harm done by pushing this back, and that is what the letter actually highlights.

This question is for the entire panel. We originally wanted to provide coupons just to exclusively over-the-air homes, the ones that were actually at risk for losing service. We made paid television households eligible at the insistence of my friends on the other side, and about half the money ended up being spent on those homes.

In hindsight should we have stuck to our guns and focused only on over-the-air homes? Should we do so now to make sure we don't have to delay again?

Mr. Wood.

Mr. WOOD. That is hard for me to answer. I think that is—

Mr. SHIMKUS. We love putting people in hard-to-answer questions.

Mr. WOOD. You know—

Mr. SHIMKUS. That is part of our job here.

Mr. WOOD [continuing]. I will tell you that a substantial proportion of our audience is over-the-air, that a greater proportion of our audience than households at large are over-the-air households, that that has been an obstacle for Hispanic households in the transition, but as to who the coupons go to, which houses, I think that is a policy matter.

Mr. SHIMKUS. That is fine. Mr. Severson.

Mr. SEVERSON. I feel very similarly that we are here to take care of the customers, and in this case you have helped determine who those customers are.

Mr. SHIMKUS. OK. Mr. Shapiro.

Mr. SHAPIRO. I know Chairman Boucher is concerned about, as we all are, about the number of boxes that will be left in those final days, and that is a very difficult decision for retailers to make an investment in a product which has a very limited life. It is kind of like food that spoils. And manufacturers also making that manufacturing investments decision.

So we have done a lot of work to try to research as to what that number will be, and we came up with an estimate that we think is good, and we think there is enough boxes out there.

But as we have suggested before, if it comes right down to it, if it comes down to the end and there are not enough boxes available or there is not enough funding in the program or whatever it is, there are other alternatives that I think policymakers should consider. One is to have those coupons available and to be used for basic cable service or for satellite or for an upper-end box or even for a stripped down TV set.

In terms of allocating them, obviously if it comes down to the end and there is just not enough money in the program or not enough

boxes, that would be a logical triage for policymakers to face, but I am sure the NTIA people will be looking to you for guidance.

Mr. SHIMKUS. Mr. Morrill.

Mr. MORRILL. I think in the perfect world, and we don't live in a perfect world, yes, everyone should get a coupon, but clearly it makes sense in a world where we don't have unlimited resources that putting a priority on those homes that are exclusively over-the-air kind of makes sense.

Mr. SHIMKUS. Mr. Lloyd.

Mr. LLOYD. Yes. I think it makes sense to put a priority on over-the-air households, but I would say I don't think over-the-air households and free and pay TV are fixed numbers. There are people who have pay TV who want to be over-the-air, and if they are locked in and you don't have the opportunity to get to them, they are not going to make the switch.

Mr. SHIMKUS. And Mr. Prather.

Mr. PRATHER. You know, first of all, I think everybody in this room would agree that digital television is a superior product to what analog is, so I think everybody in America is going to be getting a better product, and I definitely think over-the-air ought to be a priority. I think if you can afford cable, you can afford to, you know, if you need to buy a box for one TV that is not hooked up to it, but I am a big believer that television is very important to everybody in America. Virtually 100 percent of the people have them, and as I said, we are providing a superior product, much better than anybody has ever had in the history of television.

Mr. SHIMKUS. Thank you, and thank you, Mr. Chairman. I will just end by saying I am excited about the transition. I think the public needs competitive choices, and because of the things you just mentioned, Mr. Prather, now they really do. I have had people leave cable. I hate to say that to some of my friends, to go over-the-air. They no longer have that additional cost, and they have quality and a lot more channels than they had before.

And thank you, Mr. Chairman.

Mr. BOUCHER. Thank you, Mr. Shimkus.

The gentleman from Michigan, Mr. Dingell, is recognized for 5 minutes.

Mr. DINGELL. Thank you, Mr. Chairman.

This question is to Mr. Shapiro. It was reported last year you accused Congressional Democrats of fear-mongering, and I quote there, "when we expressed concerns about whether this program was going to work and consumers were going to be properly treated." Did you ever make that comment?

Mr. SHAPIRO. I am happy to say that we contacted that reporter and asked where they got that from. I was accusing the fear monger, of fear-mongering, which were actually individuals in the private sector, specifically probably the consumers' union.

Mr. DINGELL. So you never said it?

Mr. SHAPIRO. I definitely used the word, fear-mongering, but I wasn't referring to elected officials. I was referring to self-declared consumer representatives.

Mr. DINGELL. OK. All right. That comforts me.

Starting with Mr. Wood, and we will go across the panel here because I would like to hear all of your judgments and thoughts on

this matter. What is, and you got to do this in about 25 words or less because we don't have much time, but what is the biggest single problem that has to be addressed here? And what is the way of getting the greatest benefit to the consumers to be achieved by this committee, the Congress, and the regulatory agencies?

Mr. WOOD. I think for the community we serve the Hispanic households in America. I think they started out behind. I think a greater percent are over-the-air television viewers. They had further to go, fewer of them were connected to start with.

So as of today we see on March 15 Neilson estimated that 6.1 percent of Hispanic households are not prepared, are not hooked up, which is 2.5 percent greater than the households as a whole in the United States.

Mr. DINGELL. What can we do about this?

Mr. WOOD. The good news is that it is coming down. As of the original transition date the number then was——

Mr. DINGELL. What do we do about this?

Mr. WOOD. What we are going to do is we are going to continue to reach out and continue to bring down the number. We are going to introduce new phases of our campaign where we address the feedback we have gotten, Mr. Chairman. For example——

Mr. DINGELL. Do you have any advice to the committee as to what we should see is done about this?

Mr. WOOD. Well, what we are going to focus on is antennas, the need to scan, exactly the things that Chairman Copps mentioned in the first panel. I think that the items that they have identified are the correct items. It is the same feedback we have gotten.

Mr. DINGELL. I got to go to the next panel member. Mr. Severson.

Mr. SEVERSON. Thank you. The biggest concern I have, the biggest challenges that we have got to stop changing things. The customer is confused, and so we just need to stick to our guns, stick to the date, and start re-communicating things——

Mr. DINGELL. What can be done about that?

Mr. SEVERSON. I am sorry?

Mr. DINGELL. What is to be done about that?

Mr. SEVERSON. What is to be done? To make sure that we communicate on an ongoing basis that June 12 is the date, and that the customers understand that.

Mr. DINGELL. That is regulatory agencies, the FCC and the NTIA. What are they to do about that?

Mr. SEVERSON. I think that the role that they are playing with us in terms of feeding us good information is exactly what we need because that allows us to determine future demand.

Mr. DINGELL. Thank you, sir. Mr. Shapiro.

Mr. SHAPIRO. I can't think of a more successful public education effort than the one of the industry and government has worked on together for this one. I suspect that more people know about this transition than can name the present Vice President of the United States or the previous Vice President of the United States. It has succeeded. The challenge is one change is almost a bye, and it is very confusing. Our experience of the consumers is—and we have asked a lot. We have done research for years and years on this. Their awareness is very high, but now they are a little confused



about the date because February has passed, and analog is still there for some of them.

So not change——

Mr. DINGELL. What would the regulatory agencies——

Mr. SHAPIRO. Well, I would say Congress should do no harm and not changing it. The regulatory agencies are doing a great job, finish out the program, declare victory, and move on. A year from now we will look back at this and the rest of the world will look back and say the U.S. had the most successful transition in history. We will be the example for the world. Europe and Japan both screwed this up and had to start over.

Mr. DINGELL. I have to go to other members of the panel. Mr. Morrill.

Mr. MORRILL. Well, there have actually been some pretty good ideas coming down the line here. I would have to say the number one thing is continued investment in consumer education. That would be my number one, and of course, I can't give up on this fill-in translator issue also. Investment in that so that people that have had high quality over-the-air service will continue to get it after the transition.

Mr. DINGELL. Mr. Lloyd.

Mr. LLOYD. Chairman Dingell, I would just say it is extraordinarily important for this committee to continue the close oversight of what the agencies do and to ask directly whether or not they are making sure they are funding people who are on the ground to get to those hard-to-reach, vulnerable communities that the PSAs didn't get to. And, again, making sure that there are people on the ground who are hearing from people and that they are getting the assistance that they need to get the service.

Mr. DINGELL. Thank you. Mr. Prather.

Mr. PRATHER. Mr. Dingell, I think the FCC, and I think they have done a relatively good job of this, should take the same attitude that we took of one viewer at a time and just, you know, have phone banks and make sure they have got people that are trained and educated to answer these questions. We found out that we had out of 28 stations we had roughly less than 10,000 phone calls. We answered every single one of them, and we spent from a minute to 45 minutes with people, going through what they need to do. I would say 80 or 90 percent of the questions were related to how do I turn this converter box on or how do I scan it. Probably the second was regarding the antenna issues, going from VHF, UHF, those things.

But I don't think we left a single person feeling like they hadn't gotten service, and like I said, we even went to peoples' homes that were really, knew they had a problem or it was some issue that we couldn't solve over the phone. And I know the FCC can't go to peoples' homes, but I think the phone banks and just the education of the people they got answering the calls around the country can do the same thing that we have done.

And I think most stations that are community oriented like we are will also take that same approach, because our viewers are our most important asset.

Mr. DINGELL. Thank you. Mr. Chairman, I have a unanimous consent request before I yield the floor. I am going to send a letter

down to the NTIA and the FCC requesting certain information. I would ask unanimous consent that that letter be inserted in the record and that the record be kept open to receive the responses of the FCC and the NTIA.

Mr. BOUCHER. Without objection and the record will remain open for public members to submit questions to our panel of witnesses and for those responses to be received.

Anything further, Mr. Dingell?

The question that I want to focus on relates to the level of assurance we have that we will have a sufficient number of converter boxes available as we approach June the 12th.

But before I turn to that question, let me say for what probably now is the at least tenth time, that there shall be no further postponement of the DTV transition. And no requests for further postponements will be entertained by this subcommittee. Chairman Waxman has been equally demonstrative in expressing the same viewpoint from his vantage point as full committee chairman. So rest assured that there shall be no further postponement.

Mr. Shapiro and Mr. Severson, my questions are going to be primarily directed to the two of you, but other panel members are welcome to comment as you desire.

I am concerned about whether or not we are going to have adequate converter boxes available, and I am just looking at a series of numbers that don't seem to match. As of yesterday in the report that we got from NTIA there were almost 9.3 million coupons that had been issued but not redeemed. These are active coupons in circulation.

The current conversion rate, the redemption rate that we have for coupons redeemed for converter boxes is right at 60 percent, and assuming that that rate is experienced from now until June, we could certainly anticipate that as many as 5.5 million boxes would be necessary just to meet the 60 percent conversion rate the than 9.2 million coupons currently outstanding.

And that number doesn't take into account the fact that as of yesterday NTIA was getting more than 100,000 new requests for coupons every day. In fact, yesterday's number was 140,000, and we have seen the numbers continue to climb just over the course of the last week. It went from 91,000 on Tuesday to 140,000 yesterday, and we have seen an upward curve, a consistent upward curve over the last month. That may continue, and obviously many of those coupons, let us assume 60 percent, are going to be redeemed for converter boxes.

Also unaccounted for in these numbers are the converter boxes that people simply buy with their own money and don't use coupons in order to purchase. I heard one witness earlier today suggest, I believe Mr. Severson, it might have been you, that about 90 or 95 percent of your converter boxes are coupon supported, but you have got some significant number, 5 to 10 percent, that are not. So that is even more.

And so, Mr. Shapiro, I am a little concerned about your estimate of only 4.2 million total boxes being needed from April until June the 12th. That doesn't seem to square with these numbers. And rather than just quarrel about those numbers, let me ask what perhaps is a better question, you can respond to all of this at once,

to what extent is there close coordination from NTIA to the retailers to the manufacturers of information about coupon requests, coupon redemptions, so that some realistic projections can actually be made by the manufacturers based upon good estimates of what future demands will be?

And if the answer to that question is right, then your 4.2 million figure gives me less concern. I mean, if there really is good flow of information, and we can have some confidence that manufacturers really are going to respond very quickly, and I think you used the word, nimbly, before in order to meet whatever the demand really is.

So it is a long question. This is what concerns me the most about the transition from this point forward. So Mr. Severson, Mr. Shapiro, whoever wants to begin.

Mr. SEVERSON. I will answer from a Wal-Mart perspective and then Mr. Shapiro can answer from an industry perspective.

As I stated before, the information that we get on a weekly basis from the NTIA is invaluable. We get information in terms of totals but also by zip code so that we can break those down, look at the redemption rate, look at our market share of that product. That allows us to not only understand where we should be sending product, because it has to be distributed throughout the United States, but also allows us to understand the trend of the coupons and the redemption rates and things like that.

We are—so we analyze that data on a weekly basis by store. Over 4,500—our systems allow us to look at that and make those determinations and determine do we have enough product coming. Rest assured there is always product in the pipeline, and then when do we need to go out and order more product to be able to manufacture and have product on hand for the month and a half to 2 months from now that we are going to need that product.

Mr. BOUCHER. And how nimbly do these manufacturers respond to your information suggesting that you are going to have an increased demand?

Mr. SEVERSON. Sure. So we work with two suppliers specifically that we partnered with a year and a half ago to determine these are folks that we do a lot of business with, they are ones that are going to work very closely with us, they are in it for the long haul, not just for a transactional basis. They are going to make sure that they build a quality product and be able to deliver it on time.

So we feel fairly confident as we work with them on an ongoing basis to talk about the supply and also the parts that are needed and the timing. We are in the business of taking care of our customers. That is what we do, and so we are reacting to our customer and how they are looking to be served on this so that we can take care of them.

Mr. BOUCHER. And the manufacturers are responding appropriately as you tell them you need new boxes?

Mr. SEVERSON. We are their customer, and they are responding to us. So, yes.

Mr. BOUCHER. So the answer is yes?

Mr. SEVERSON. Yes.

Mr. BOUCHER. Are you worried? Are you worried that there will not be enough boxes to meet the demand?

Mr. SEVERSON. No. My biggest concern is that I will end up with too many boxes at the end, and the demand goes away, and then I have got nothing to do with—

Mr. BOUCHER. Well, you obviously have to, you know, account for inventory and be sure that—

Mr. SEVERSON. Absolutely.

Mr. BOUCHER [continuing]. You don't oversupply.

Mr. SEVERSON. Sure.

Mr. BOUCHER. Mr. Shapiro, where did you get your 4.2 million number, and are you persuaded based on what you have heard today that maybe a higher number will be required?

Mr. SHAPIRO. The flow of information from NTIA is very good. I am persuaded that the number will change along the way, it will go up or down. What we did is we have talked to—

Mr. BOUCHER. Well, just based on their currently outstanding coupons and current redemption rate.

Mr. SHAPIRO. Well, I am not aware of the last few days but—

Mr. BOUCHER. I am sorry. What?

Mr. SHAPIRO [continuing]. We use a 65 percent rate rather than the 60 percent rate—

Mr. BOUCHER. That is even higher.

Mr. SHAPIRO [continuing]. In terms of redemption. You might have gone a little further out in time than we did, so maybe that balances out, and you also have more recent data than we were using. But what we did is we went out to major manufacturers, major retailers, and they are very cooperative with us for the most part. We don't get everybody, but we get most of them on both sides. And we know that at least four manufacturers are still making these boxes today. And they are responding to people like Mr. Severson next to me immediately, and they are monitoring this.

So it is a marketplace, and you know, we are very mindful of the Anti-Trust Laws. We have considered going out with direct questions perhaps with your signature or someone else's like you would be very helpful in terms of trying to gather actual data for what they are planning if you are that concerned in terms of getting the precise number. But it is the balance that every store is facing the same one. Do you order too much or do you order too little? They hate to say, you know, send a customer elsewhere, but they don't want to get stuck with inventory which has no value.

We are already starting to see scores of these things on eBay and Amazon at under the \$40 coupon value. Now, there is a secondary market developing. You know, the flea market is a wonderful thing. So in terms of where we end up, the number is starting to change, but that is a good thing, and we expect there will be spot shortages, which—and there may even be occasionally a minor locality or geographic shortage, but sophisticated retailers are always moving around and respond to a situation.

Mr. BOUCHER. My concern about your number is that the manufacturers may look to you being here, being close to the situation, following it through your trade association every day, talking to NTIA on a regular basis, for advice as to the number of boxes they ought to manufacture. And if 4.2 million becomes the benchmark, we are going to fall short. We will fall short even based on the out-

standing coupons that exist today, much less the ones that are going to be requested in the future.

And so I am concerned about that. I welcome your suggestion that perhaps there is a role we can play through making appropriate inquiries to manufacturers and or retailers. Perhaps in the course of our letters asking questions containing the projections that we see just based on the numbers presented and suggesting that higher number of boxes may be necessary.

And if you would care to interact with us informally afterwards and make more concrete suggestions about what might be constructive in that respect, we would welcome it.

But I hope that as your manufacturers are talking with you that you are giving them some very clear guidance about this and sharing NTIA's current numbers so that they actually have the benefit of that also.

Mr. SHAPIRO. You know, there is one thing that concerns an association. It is the Anti-Trust Laws, and we don't give guidance. We try to communicate the facts.

Mr. BOUCHER. You can share information.

Mr. SHAPIRO. We will be happy to share information consistent with the law. The \$140,000, the 140,000 unit a day request for coupons, if that continues, the numbers will go up rapidly, but the normalized rate that we were using was 70,000 coupons a day.

Mr. BOUCHER. It is higher today.

Mr. Prather.

Mr. PRATHER. Chairman, I will maybe try to relieve your mind a little bit. I know—

Mr. BOUCHER. I would appreciate that.

Mr. PRATHER [continuing]. We haven't gotten into the big cities yet, but in our markets, which is DMA 58 to 188, to give you an example in Omaha, market 75, we had a little over 600 calls. We had 33 calls asking about coupons. In Lincoln, which is market 101, we had 1,016 calls. We had two calls asking about coupons. And Augusta, Georgia, which has a heavy minority of black, Spanish, and Chinese, we had 3,000 calls there, but it was 90 percent related to how do I turn the box on? I mean, literally, you know, and how do I scan it. We had less than 50 calls there about coupons.

So in our markets, and I am saying I am not speaking for New York City and Chicago and Detroit and all these other places, but it didn't seem to be very much of an issue at all in our markets—

Mr. BOUCHER. Well, thank you.

Mr. PRATHER [continuing]. If they didn't have a coupon and couldn't get it, you think they would have been calling—

Mr. BOUCHER. Well, thank you for that, Mr. Prather. That is not the problem I am really addressing. It is not the situation about box availability today, which is adequate. It is the situation about box availability in May when we may find that we have a shortage. And we are not going to postpone this transition again, so we need to get it right and—

Mr. PRATHER. Yes.

Mr. BOUCHER [continuing]. This is why we are having the hearing today to figure out what needs to be done to make sure we don't have future problems.

Anyone else want to comment on this? Mr. Shapiro.

Mr. SHAPIRO. Could I just say, Mr. Boucher, I don't know if you were in the room when I suggested this earlier but the back-up plan that I would suggest is if there not enough boxes available, then the government in a big sense be ready to declare such and allow those coupons to be used for converter boxes which are not eligible, higher end, cable service, satellite, or even lower-end HDTVs as a back up.

But the danger in even talking about that is then you will have all these people who want coupons on the basis that maybe that will occur. So it is a little bit of a catch 22, but that is the safety valve that is possible.

Mr. BOUCHER. To be taken under advisement. I had sketched out a question here about what is being done in order to help people who are having problems with antennas once they install their converter boxes, and I suspect everyone here who is on the front line of offering assistance is experiencing requests for that.

But I think you have answered those questions in response to questions posed by other members. And it is also been quite a long day, and you have been most patient and staying with us through a long break while we had votes on the floor.

So I want to say thank you. This has been an extraordinarily helpful session today. Both panels have been superb in their testimony and have enlightened us, and we probably will be sending some additional questions to you as other members of the subcommittee submit their questions. When those arrive, please respond as quickly as you can.

So with thanks to both panels of witnesses, oh, and I am supposed to put this in the record. Mr. Shimkus, he is gone. Well, I can, I am the only one who gets to object, and I don't intend to. Well, so, unanimous consent is granted to place in the record the statement of Mr. Bill Stone, Senior Vice President of Qualcomm regarding the digital television transition. Also the statement of the Community Broadcasters' Association.

[The information appears at the conclusion of the hearing.]

Mr. BOUCHER. All right. No one is objecting. So without objection.

And thank you so much for your presentations today. With that the hearing stands adjourned.

[Whereupon, at 2:00 p.m., the subcommittee was adjourned.]

[Material submitted for inclusion in the record follows:]

**Statement of Rep. Anna G. Eshoo**

Hearing on "Oversight of the Digital Television Transition"  
Energy & Commerce Committee  
2322 Rayburn House Office Building  
March 26, 2009

Thank you Mr. Chairman for holding today's oversight hearing. I'd like to welcome our new Acting Chairman of the FCC, Michael J. Copps. I think we are all reassured by your judgment, your insight, and your experience. So I especially look forward to hearing your testimony this morning. I'd also like to welcome our new Acting Assistant Secretary for Communications and Information, Anna Gomez.

We learned on Tuesday that the TV Converter Box Coupon Program has eliminated its waiting list and it is now processing coupons on a "current" basis, and accepting requests for replacement coupons.

Today 641 of the near 1,800 full power stations have transitioned to digital-only formats. This represents 36% of all full-powered stations and provides service to about 15% of households nationwide, which is good in certain respects because it gives us more time to reach consumers before their broadcasters' transition.

I'm eager to hear from Chairman Copps about how the FCC is implementing the \$90 million the Congress allocated to them for consumer education outreach efforts. I understand they have expanded their call center capacity so that everyone that calls the consumer hotline speaks to a specialist.

We have a lot of work to do but I believe we are already seeing the results of changes we made to ensure consumers have access to critical information and coupons.

Thank you Mr. Chairman and I look forward to the testimony of our witnesses.



QUALCOMM Incorporated

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San Diego, CA 92121-1714

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April 29, 2009

Honorable Henry A. Waxman  
Chairman  
Committee on Energy and Commerce  
U.S. House of Representatives  
2125 Rayburn House Office Building  
Washington, DC 20515-6115

Dear Chairman Waxman:

Thank you for your letter of April 15<sup>th</sup> regarding Qualcomm's statement for the record for the hearing entitled, "Oversight of the Digital Television Transition." We are grateful for the opportunity to provide a statement, and to answer the question that your letter poses.

Your letter asked us to provide a list of the markets we have been denied from entering as a result of the extension of the DTV transition deadline.

Attached please find the following:

- A list of the 15 markets that we had planned to enter earlier this year, prior to the enactment of the DTV Delay Act.
- A list of the four markets that we have entered since enactment of the DTV Delay Act, one of which is at full power, and three that are at reduced power. (Note: To our knowledge, there has been no consumer disruption reported in these markets as a result of the conversion to digital.)
- A list of the 69 U.S. markets that FLO TV is operating in today, with an asterisk to indicate those that are operating at reduced power.

Since October 2006, when we filed our initial applications with the FCC to launch our service in the first eleven markets, we have worked very closely with the FCC to gain entry to new markets, including at reduced power, (which results in reduced coverage, and therefore inferior service to our customers), so as to avoid interference with incumbent broadcasters. At this point, we have exhausted our ability to file applications at the FCC to open new markets while avoiding undue interference. As a result, we do not have any applications pending, and we are very much looking forward to June 12th, when we will be able to offer nationwide service.

Thank you for your continued oversight of the DTV transition, and for the opportunity to provide a statement for the record.

Sincerely,

Mr. Bill Stone  
Senior Vice President & President FLO TV

Attachment



## **Markets Planned for Entry By FLO TV Prior to Enactment of the DTV Delay Act**

- **Boston**
- **Charlotte**
- **Cleveland**
- **Fort Pierce, FL**
- **Fresno**
- **Hartford**
- **Houston**
- **Miami**
- **Milwaukee**
- **New Haven**
- **Northeast New Jersey**
- **Raleigh-Durham, NC**
- **Sacramento**
- **San Francisco**
- **Worcester**

## **FLO TV Markets Entered After Enactment of the DTV Delay Act**

### **Markets turned on at full power:**

- Wilmington, DE

### **Markets turned on with limited sites:**

- Harrisburg, PA
  - Turned on with 2 sites, needed 3
- Greensboro, NC
  - Turned on with 1 site, needed 2
- Atlantic City, NJ
  - Turned on with 2 sites, needed 3

## Current FLO TV Markets

1. Albany/Troy (64)	24. *Harrisburg/York/Lancaster (36)	47. *Phoenix (13)
2. Albuquerque (59)	25. Huntsville (95)	48. *Pittsburgh (30)
3. Athens (171)	26. Indianapolis (39)	49. Portland (OR) (26)
4. Atlanta (12)	27. Jackson (99)	50. Poughkeepsie (62)
5. *Atlantic City (92)	28. Jacksonville (45)	51. Reading (111)
6. *Austin (41)	29. Kansas City (35)	52. Reno (112)
7. Bellingham (167)	30. Knoxville (78)	53. Rochester (68)
8. Charleston (SC) (77)	31. Lafayette (97)	54. Salt Lake City (29)
9. Chattanooga (88)	32. Las Vegas (32)	55. San Antonio (38)
10. *Chicago (3)	33. Little Rock (91)	56. *San Diego (18)
11. *Cincinnati (34)	34. *Long Island (19)	57. Santa Barbara/San Luis Obispo (74)
12. Colorado Springs (67)	35. *Los Angeles/Orange County/Palm Springs (1)	58. Savannah/Hilton Head (98)
13. *Columbus/Dayton (28)	36. McAllen/Brownsville (49)	59. Seattle (15)
14. Corpus Christi (104)	37. Memphis (51)	60. Spokane (80)
15. Dallas (6)	38. Minneapolis (20)	61. St. Louis (23)
16. Denver/Boulder (22)	39. Nashville (43)	62. *Syracuse (106)
17. *Detroit (14)	40. New Orleans (52)	63. *Tampa (11)
18. El Paso (60)	41. *New York (2)	64. Toledo (69)
19. Eugene/Corvallis (90)	42. Norfolk/Richmond (24)	65. Topeka (136)
20. Fort Collins (93)	43. *Oklahoma City (47)	66. Tucson (58)
21. Gainesville/Ocala (85)	44. Omaha/Lincoln (56)	67. *Washington DC/Baltimore (5)
22. Grand Rapids (53)	45. *Orlando (17)	68. Wichita (101)
23. *Greensboro/Winston-Salem (50)	46. Philadelphia (10)	69. Wilmington (DE) (70)

\* Indicates Markets currently on-air with limited power

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**STATEMENT OF THE COMMUNITY BROADCASTERS ASSOCIATION**

The Community Broadcasters Association (“CBA”) appreciates this opportunity to explain the role of Class A and Low Power Television (“LPTV”) stations in the DTV transition and why neglect, if not intentional exclusion, of these stations from the transition threatens to close down the most active area for minorities, women, and small businesses to participate in television broadcasting ownership and careers. CBA represents the nation’s 554 Class A Television and 2,298 LPTV stations, only a very few of which have been able to participate so far in the digital television transition.

Everyone is anxious but hopeful about the end of the Digital Transition, less than three months away; but despite all the intense activity focused on June 12, 2009, the transition will end on that day for only 1,759 full power TV stations, comprising only 15% of the nation’s television transmitters. The FCC has not yet begun to implement an analog wind-down for another 9,693 transmitters, including Class A, Low Power TV, and TV translators, which make up the other 85%.

The public cannot tell the difference between full power and other TV signals. The operators of Class A and Low Power stations try to serve their viewers the same as their full power counterparts, but it is a tough road. Only a few of them have cable carriage rights, and none have satellite carriage rights. A constant drumbeat of public service announcements aired multiple times each day on full power TV stations, as well as government outreach efforts, say that analog TV “will end” on June 12, though that is not so. To make things worse, most of the early DTV converter boxes completely blocked analog signals, with the blessing of the National Telecommunications and Information Administration and dead silence from the FCC. Even with the newer boxes that pass through analog signals, you have to be pretty handy with box technology to figure out how to watch analog stations. It is harder than setting the clock on your VCR, and you know how many people still have a blinking “12:00” on their VCRs.

So the big stations are being taken care of, but the little ones are not. Who are the little ones? A survey by the Community Broadcasters Association in December of 2008 disclosed that 43% of Class A and Low Power TV stations have significant minority ownership, 60% have significant female ownership, and 34% broadcast in foreign languages (mostly Spanish but 14 other languages as well). These are almost all small businesses, and 62% are actively operated by their owners. Sixty-five percent broadcast five or more hours of local programming each week, even though only Class A stations are legally required to have local programming, and they need only three hours a week.

These stations represent American entrepreneurship at its best. They serve audiences neglected by big stations and represent a critical entry point for minorities and women to become media owners or to develop media careers. If they disappear, diversity of voices and career opportunities will suffer a real setback. A critical source of emergency information for foreign language speakers will be lost. And foreign language speakers will end up watching imported cable and satellite channels that carry only foreign-produced programming, pay no taxes, employ no U.S. citizens, and provide no local content and no American perspective.

So it's not over until it's over, and it will be a long way from over on June 12. And the people catching the short end of the stick are small businesses, minorities, and women.

When the Low Power industry started almost 30 years ago, most people watched TV over-the-air. Today, more than 85% watch on cable and satellite, where Class A and Low Power stations have virtually no carriage rights. The DTV transition has placed a noose around the necks of these stations, and the recession is tightening the knot.

The FCC's online licensing database shows that this year, which is only 12 weeks old, 10 Class A stations and 41 Low Power and TV translator stations have filed initial requests for authority to go dark. In 2008, the numbers were 47 Class A and 224 Low Power and translators.

In 2007, Ron Bruno, who was then CBA's President, testified before this Committee about these problems, and Congressman Markey said that "help is on the way." We have not seen any help yet. Congress must intervene now to save TV broadcasting from becoming even more of a homogenized product owned by big business than it already is, which is what will happen if Class A and Low Power stations die.

CBA has appealed to the President, the FCC, and now to Congress not to stand by and let small business minority and female owned television broadcasting die. We have asked repeatedly over the years for access to cable and satellite but have not been able to overcome powerful cable lobbying. Our station owners do not understand why they have to be excluded; but if that is the case, then there are other things that can and must be done:

1. The FCC must take an active hand in promoting the digital transition for our stations. They spent over a decade on full power TV, including devoting enormous resources to finding channels so that as many stations as possible could operate parallel analog and digital stations for several years. For Class A and Low Power TV, they opened one application window in 2006 for companion channels that resulted in a quagmire of conflicting proposals that cannot be settled because the applicants cannot change channels.

2. The Class A and Low Power transition must be funded. There is talk about a transition ending in 2012, although no formal proposal has yet been made. How can our stations, which are over five times as numerous as full power stations including translators, and 60% more numerous without translators, hope to complete a transition in three years when it took full power stations over a decade? How and by whom will the equipment be manufactured, delivered, and installed? If the government does not help finance our transition, it will be both financially and physically impossible to do it faster than full power stations did. Grants of \$350,000 to \$500,000 per station are needed. The number of new jobs that our stations would create would fully justify this expense, because our stations strongly desire to improve and expand their services. They are small business whose focus is on doing business, not squeezing expenses to boost stock values.

3. Some stations think that cable and satellite carriage and conversion to digital are already too little too late. Television is morphing into new forms here in the 21<sup>st</sup> century, and no one really knows where it will end up. Some Class A and Low Power stations want to leapfrog

simple digital TV and move straight to new technologies and services -- mobile TV, combined TV and low-cost broadband services, and whatever else pops out of the jack-in-the-box. They should not be confined to the uniform technical standard imposed on full power stations. Let those who think they can do better give it a try.

4. And if the government cannot see its way to act in a meaningful way to save Class A and Low Power stations and let them make the jump to the 21<sup>st</sup> century media world, then please help them make a soft landing as they shut down. Take their spectrum back if necessary, and auction it, with the incumbent operator sharing in the proceeds with the government. If that opportunity were offered, some would take it today, sadly perhaps; but it would be a lot better than losing everything: hopes, dreams, and investments.

The combined impact of the decline of over-the-air viewing, the digital transition, and the recession have created the perfect storm. There is no more time to think about it. Please take up our cause now, and make sure that the diverse groups that everyone wants to see in broadcasting have a chance to stay there.

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Amy Brown, Secretary and Executive Director  
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Tel. 800-215-7655  
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March 26, 2009



**UNITED STATES DEPARTMENT OF COMMERCE**  
**National Telecommunications and**  
**Information Administration**  
Washington, D.C. 20230

APR 20 2009

The Honorable John D. Dingell  
Chairman Emeritus  
Committee on Energy and Commerce  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Emeritus Dingell:

Thank you for your letter of March 30, 2009, with follow-up questions to the March 26, 2009, hearing before the Energy and Commerce Subcommittee on Communications, Technology, and the Internet to discuss the ongoing national transition from analog to digital television. I appreciated the opportunity to testify before the Subcommittee regarding the efforts of the National Telecommunications and Information Administration and the TV Converter Box Coupon Program.

Enclosed are my responses to your questions. If you have any additional questions, please do not hesitate to contact me or James Wasilewski, NTIA's Director of Congressional Affairs, at (202) 482-1551.

Sincerely,

A handwritten signature in black ink, appearing to read "Anna M. Gomez".

Anna M. Gomez  
Acting Assistant Secretary  
for Communications and Information

Enclosures

cc: The Honorable Henry A. Waxman, Chairman  
Committee on Energy and Commerce

The Honorable Rick Boucher, Chairman  
Subcommittee on Communications, Technology, and the Internet

The Honorable Joe Barton, Ranking Member  
Committee on Energy and Commerce

The Honorable Cliff Stearns, Ranking Member  
Subcommittee on Communications, Technology, and the Internet



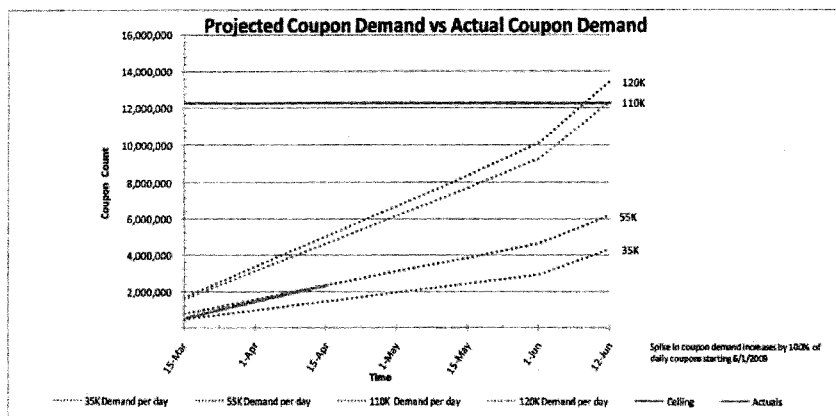
**RESPONSES TO QUESTIONS FROM  
THE HONORABLE JOHN D. DINGELL, CHAIRMAN EMERITUS,  
COMMITTEE ON ENERGY AND COMMERCE  
TO  
ANNA M. GOMEZ, ACTING ASSISTANT SECRETARY FOR  
COMMUNICATIONS AND INFORMATION**

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**1. How does NTIA currently predict consumer demand for these coupons? What number of coupons does NTIA predict will be requested under the converter box program? Are you confident that this method of prediction is accurate?**

**Answer:** Because of the unique nature of the Coupon Program, there is limited data upon which to predict the behavior of television households. The Program, however, does regularly collect data on coupon requests and redemptions as well as information collected by third parties to help the Program determine how long the supply of coupons might last under various scenarios. The Program collects, among other information, daily data on the number of coupons requested, whether the requesting household relies exclusively on over-the-air reception of television signals (OTA household), the Designated Market Area (DMA) and zip code of the requesting household, in addition to the number of daily coupon redemptions in total and redemptions broken down by the zip codes of requesting households. The Program analyzes these data for trends in national coupon demand and redemptions, and reviews coupon use in individual DMAs. NTIA also follows television audience data reported by Nielsen and studies by the National Association of Broadcasters that estimate the number of households that are still unready to make the transition to digital television.

With the transition deadline and funding for the Coupon Program set, NTIA is using coupon activity data to inform management on how to maximize coupon distribution to those most in need of assistance with the funds available. When the Coupon Program started issuing coupons from funds made available from the American Recovery and Reinvestment Act of 2009 (ARRA) in early March, it had already fulfilled requests for approximately 49 million coupons. As I testified last week, of the \$650 million provided to the Coupon Program by the ARRA, at least \$490 million will be made available for coupons. Adding to that amount, NTIA projects that approximately \$160 million will become available by June 12, 2009, from unredeemed and expired coupons issued from original funding. Therefore, NTIA estimates that the total available for coupons between March 4 and June 12 is approximately \$650 million. This amount is sufficient to fund up to 16.25 million coupons. Between March 1 and April 8, the Program funded approximately 6 million coupons, leaving funding available for approximately 10 million additional coupons. On a cumulative basis, as of April 8, 2009, the Coupon Program had received and funded requests for 55.3 million coupons.



The chart above shows the use of all funds for just over 12 million coupons (available as of March 5) based upon various demand levels, to the June 12 transition date. Deobligations from ARRA funded coupons are not included in this chart specifically because the first coupons funded from ARRA funds were issued in early March. Thus, any of these coupons that are not redeemed will not expire until early June and would not significantly change the number of coupons that could be issued prior to June 12<sup>th</sup>.

Beginning with the distribution of coupons under the ARRA funds on March 4, 2009, and through the June 12<sup>th</sup> transition date, the Program modeled the use of \$650 million, spreading 16.25 million coupons over the period through June 12<sup>th</sup> and, based on the increase in requests around the original February 17<sup>th</sup> transition date, included a 100 percent weekly spike during each of the first two weeks in June. As the transition date draws closer, this model reflects the possibility that any remaining unprepared households will request coupons. That exercise showed that \$650 million would be sufficient to meet demand of up to 110,000 coupons per day on average (220,000 per day for the two weeks ending June 14.) At that rate, the Program calculated that it would distribute just over 12.0 million coupons (the remaining coupons from 16.25 million minus 4.2 million issued from the wait list).

**2. As you know, the Consumer Electronics Association predicts that approximately 4.2 million coupons will be redeemed between April and June of this year. Does NTIA agree with that assessment? If not, how many coupons does NTIA estimate will be redeemed between April and June of this year?**

**Answer:** The Coupon Program monitors coupon redemption activity in several different ways. The two most significant factors to consider in projecting redemptions over the next three months are the rate of coupon redemptions to date and the number of coupons in circulation. The Coupon Program has 2.7 million active coupons in circulation from

those issued prior to March and 6 million coupons issued from March 1 thru April 8 (which includes those cleared from the waiting list plus additional demand). Thus, the Coupon Program has approximately 8.7 million active coupons in circulation. The table below shows the number of coupons that could be redeemed between April and June based upon various (potential) redemption rates.

8.7 Million Active Coupons

Potential Redemption Rate	No. of Redeemed Coupons
50%	4.3 million
55%	4.8 million
60%	5.2 million
65%	5.7 million
70%	6.1 million

To provide some context, the cumulative redemption rate for all coupons issued through April 7, 2009, is 56.1 percent. The most recent weekly redemption rate (*i.e.*, for coupons that expired during the week of April 8, 2009) is 56.9 percent. The highest weekly redemption rate experienced to date was 66.5 percent, which was associated with coupons that expired during the week of February 20, 2009 (the week of the original transition date).

**3. Further, are you confident that current levels of funding for the converter box coupon program are adequate to meet current and anticipated consumer demand?**

**Answer:** As discussed above, the additional \$490 million provided for coupons from the ARRA, plus \$160 million in projected "recycled" funds from expired and unredeemed coupons, will provide the Coupon Program with approximately \$650 million for coupons, enabling the Coupon Program to fulfill requests for a grand total of up to 65 million coupons by June 12 (funds permitting, the Program will continue to accept requests for coupons through July 31, 2009). The ARRA and recycled funding amount funds 10 million coupons in addition to the 55.3 million coupons funded to date. As I stated in my testimony before the Subcommittee, although there is no guarantee that consumer demand for coupons will not exceed this additional funding, we believe these funds, including the \$90 million available for consumer education and outreach, are sufficient to ensure that consumers will have access to the information and assistance they need when television stations end their analog service. The flexibility built into the statute regarding use of Recovery Act funds also allows NTIA, if necessary, to increase the allocation for coupons and/or to prioritize the distribution of coupons, for example, to consumers totally reliant on OTA broadcast service, if demand for coupons warrants. To inform our decision-making in this respect, NTIA will continue to monitor closely demand for all coupons, including replacement coupons, throughout the remainder of the Coupon Program.

**4. I am concerned that present inventories of digital television converter boxes may be inadequate to meet projected consumer demand. I understand that NTIA has been working closely with industry during the transition process. Does NTIA have data concerning available and projected inventory of converter boxes at domestic retailers? Does NTIA believe available and projected inventory will be adequate to meet consumer demand? If not, does NTIA have recommendations for rectifying this problem?**

**Answer:** As discussed in my testimony on March 26, 2009, availability of converter boxes through the duration of Coupon Program (*i.e.*, until the last coupons expire in November 2009) remains a concern. The Coupon Program is cognizant of the fact that, especially in this final phase of the Coupon Program, retailers' orders for converter boxes reflect their best estimate of actual consumer demand for boxes, and that retailers seek to avoid excess inventory after all coupons have expired. The terms for retailer participation in the Coupon Program require certified retailers to use commercially reasonable methods to order and manage inventory to meet customer demand for CECBs.

With this in mind, the Coupon Program continues to provide coupon request data to a 5-digit zip code level of granularity each week (at our retailer website, [www.ntiadv.gov](http://www.ntiadv.gov)) so that retailers are able to anticipate consumer demand in their area, and, accordingly, order and distribute inventory to meet that demand. The Program also provides redemption information in great detail to assist retailers in identifying changes in consumer activity and market variations. Additionally, the Coupon Program has certified over 190 different converter brands and models from over 100 different manufacturers, and makes available manufacturers' marketing contact information on the retailer website in order to facilitate a retailer who might wish to add a brand to meet demand. The Coupon Program has also posted links to the FCC's listing of television stations by DMA and their planned analog termination dates. From its conversations with leading manufacturers, the Coupon Program believes that innovative distribution arrangements are available, such as wholesale distribution arrangements of CECBs on a consignment basis. The number and flexibility of manufacturers should also help retailers meet demand in the final phase of the Coupon Program. To underscore NTIA's concern about continued converter box availability, on April 8, 2009, Acting Assistant Secretary Gomez wrote to the major retailers participating in the Program to reinforce the need for retailers to keep a sufficient stock of converter boxes on store shelves as the DTV transition enters the home stretch. A representative copy of that letter is enclosed.

The Coupon Program monitors coupon redemption activity through several different reports as its primary means of assessing retailer inventory of converter boxes and consumer activity. When the Coupon Program provides consumers with a customized list of nearby retailers (which it does provide with all coupons), we want to be reasonably certain that those retailers will have converter boxes in stock. To that end, participating retailers that report no redemptions over a period of time are flagged for further review. A retailer's management may be asked if they have or expect inventory and if not, the store may be deactivated from the Program (this deactivation may only be temporary). In addition, the Coupon Program's retail management team informally assesses inventory

through regular communications with participating retailers. These retailers have informed the Program's retail management team that millions of coupon-eligible converter boxes (CECBs) are on the shelf and are on order in the supply chain. The Coupon Program will continue to monitor closely CECB availability

**5. As you and your colleagues know, a single, national consumer education program about the DTV transition is made very difficult by virtue of various diversities in population age, ethnicity, and location among others. How is NTIA tailoring consumer outreach and education programs to ensure maximum penetration amongst American consumers, especially with regard to low-income, minority, and elderly consumers? What assurances can NTIA offer that these efforts will ensure a minimum of disruption in television service to these consumers?**

With Nielsen estimating, as of late March 2009, that nearly 3.8 million television households in the U.S., or 3.4 percent of all television homes, are still "completely unprepared" for the transition – many of them within vulnerable populations – outreach to these unprepared households will be a key focus of NTIA efforts over the next several months. Collaboration among Federal, industry and non-profit partners at the national, regional, and local levels will continue to be a vital part of this effort.

From the beginning, NTIA and its partners have been focused on the five groups (seniors, low income, minority, persons with disabilities, and those living in rural areas) most dependent on over-the-air broadcasting. While much progress has been made, NTIA is refocusing its efforts on those remaining, hard-to-reach consumers who, for whatever reason, have not acted. To better understand why these consumers have not acted and to determine how best to motivate them prior to the June 12<sup>th</sup> switch, NTIA is conducting focus groups in Houston, Memphis, Richmond, Albuquerque, Tulsa, and Miami with consumers drawn from these target groups. Using preliminary information from these focus groups, NTIA has begun to make appropriate changes in its messaging and outreach to these groups. The Coupon Program is considering promotion and outreach tools that have been proven to be effective in reaching these hard-to-reach consumers. Some examples of these tools include a public service campaign on transit systems in key markets, paid advertising on ethnic media, a social media campaign directed at 18-34-year olds, and/or sending mobile transition assistance teams into more than 20 markets to help consumers apply for coupons and demonstrate how to connect converter boxes.

Careful targeting and tailored strategies will maximize use of Federal resources to reach as many of the remaining unprepared households as possible to ensure they know about the transition and understand their options for dealing with it.

As required by the Recovery Act, on April 1, 2009, NTIA notified the House and Senate Committees on Appropriations that the Secretary of Commerce, in consultation with the Federal Communications Commission (FCC), has deemed it necessary and appropriate to transfer to the FCC certain DTV related funds provided to NTIA under the Recovery Act. Specifically, following the statutory notification period, \$65,705,000 will be transferred to allow the FCC to continue to carry out its responsibilities to educate analog television

viewers about the DTV transition. The FCC will use these resources to implement the final phase of its consumer education and outreach program to ensure that all Americans are aware of and prepared for the DTV transition. For example, this money will fund important in-home assistance operations and walk-in centers for people who need assistance connecting and setting up digital-to-analog converter boxes. The funds will allow the Commission to augment its call center operations to ensure that those households who have questions about the transition can contact 1-888-CALLFCC for help with all of their DTV needs.

**6. Does NTIA have a clear idea about the number of consumers who will require in-home assistance in installing converter boxes? How does your agency propose to address this issue? Do you believe you have adequate funding with which to pay for this service, which, I might add is vitally important for the elderly?**

While NTIA is aware that there are large numbers of consumers who will require in-home assistance in installing converter boxes, we are not aware of any specific studies or research that identifies an exact number.

To address this need, NTIA awarded over \$4 million dollars to the Leadership Conference on Civil Rights Education Foundation (LCCREF) and the National Association of Area Agencies on Aging (n4a) to provide outreach and assistance to NTIA's targeted populations.

NTIA awarded \$2.7 million to n4a to help seniors make use of the Coupon Program. With these funds, n4a is assisting seniors with completing coupon applications, obtaining converter boxes, and connecting boxes to television sets in seniors' homes. Additionally, n4a has partnered with other organizations – Meal on Wheels Association of America, the National Association of Hispanic Elderly, the National Asian Pacific Center on Aging, and the National Caucus and Center on Black Aged, among others – to form the Keeping Seniors Connected Campaign. In the first seven weeks of the Campaign, nearly 97,000 contacts have been made to provide individual assistance to seniors. The support provided through the Campaign ranges from assisting seniors with coupon applications, to conducting demonstrations about converter boxes and box installations, as well as furnishing transportation for individuals and groups of seniors to retailers so they can purchase converter boxes.

Likewise, an award of \$1.65 million was made by NTIA to LCCREF to help vulnerable populations make use of the Coupon Program. These funds have supported the establishment of two Digital TV Assistance Centers in seven television markets with large OTA television service. LCCREF is focusing its efforts on the following populations: African Americans, Latinos, Asian Americans, people who rely on languages other than English, low-income working families, older Americans, and/or people with disabilities. LCCREF staff, coalition partners, and consultants provide training, technical assistance, and local coordination required to mobilize key constituency groups to access and redeem coupons and install converter boxes.

In these seven markets, LCCREF partners are engaged in a variety of outreach and assistance activities. For example, in Detroit, LCCREF partners include: the Arab Community Center for Economic and Social Services (ACCESS) providing outreach and assistance to prepare Arab communities for the DTV transition; Saint Paul AME Zion Church, which, as a partner with the National Black Church Initiative in Detroit, is providing outreach and assistance to prepare seniors and church congregations; the Detroit branch of the NAACP, which is shifting from serving as a partner to becoming a DTV Assistance Center; Deaf C.A.N., which is assisting clients in completing and submitting applications, providing in-office demonstrations on the use/installation of converter boxes, and has been trained and is able to install boxes in homes; and the North American Indian Association, which is tracking seniors in nursing homes who need assistance, providing direct assistance to their members and community, and holding bi-weekly community trainings on converter boxes for to the Native American population in Detroit. They are also setting up demonstration and information tables at Native American events throughout the city.

NTIA currently is working with n4a and LCCREF to extend these grants through August 31, 2009. This extension is necessitated by the change in analog shut-off from February 17, 2009 to June 12, 2009. As a result of this extension, both organizations will continue the work they are doing with vulnerable populations to help them prepare for the digital transition.

In addition to NTIA's activities, the FCC and AmeriCorps NCCC have signed an interagency agreement that will enable AmeriCorps NCCC members to:

- visit homes where individuals need help to connect their antennas and analog televisions to digital converter boxes;
- help consumers apply for the \$40 converter box coupons;
- make presentations at community events;
- serve in walk-in DTV help centers; and
- otherwise spread the word to unprepared OTA populations.

The AmeriCorps NCCC members will undergo FCC training before being deployed to the field and will gain additional assistance from the FCC area coordinators once in their locations. The service that AmeriCorps NCCC members will provide in support of DTV outreach is above and beyond their primary service assignment and will mostly occur at night and on weekends.

